MODERN BUSINESS

Southern Branch
of the
University of California
Los Angeles

Form L 1
HF
5006
M72
V.1

This book is DUE on the last date stamped below

MAR 29 1950

APR 19 1950

OCT 15 1953

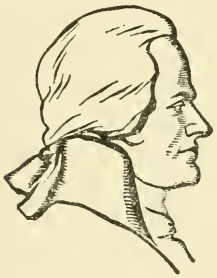
LD-URL MAY 17 1965

RECEIVED
LD-URL
MAY 13 1965
AM 7-4 4-9 PM 9-10

Form L-9—15*m*-8,'26

Modern Business

A SERIES OF TEXTS PREPARED AS PART OF THE MODERN BUSINESS COURSE AND SERVICE OF THE ALEXANDER HAMILTON INSTITUTE



ALEXANDER HAMILTON INSTITUTE
NEW YORK

79509

Modern Business

EDITOR-IN-CHIEF

JOSEPH FRENCH JOHNSON

Dean, New York University School of Commerce, Accounts and Finance

MANAGING EDITOR

ROLAND P. FALKNER

ASSOCIATE EDITORS

LEO GREENDLINGER, CHARLES W. HURD

Volume	*Titles*	*Authors*
1.	BUSINESS AND THE MAN	Joseph French Johnson
2.	ECONOMICS OF BUSINESS	The Editors
3.	ORGANIZATION AND CONTROL	Charles W. Gerstenberg
4.	PLANT MANAGEMENT	Dexter S. Kimball
5.	MARKETING AND MERCHANDISING	The Editors
6.	ADVERTISING PRINCIPLES	Herbert F. de Bower
7.	SALESMANSHIP AND SALES MANAGEMENT	John G. Jones
8.	CREDIT AND THE CREDIT MAN	The Editors
9.	ACCOUNTING PRINCIPLES	The Editors
10.	COST FINDING	Dexter S. Kimball
11.	CORPORATION FINANCE	William H. Walker
12.	BUSINESS CORRESPONDENCE	Harrison McJohnston
13.	ADVERTISING CAMPAIGNS	Mac Martin
14.	RAILWAY TRAFFIC	Edwin J. Clapp
15.	FOREIGN TRADE AND SHIPPING	J. Anton de Haas
16.	BANKING	Major B. Foster
17.	DOMESTIC AND FOREIGN EXCHANGE	E. L. Stewart Patterson
18.	INSURANCE	The Editors
19.	OFFICE MANAGEMENT	The Editors
20.	THE EXCHANGES AND SPECULATION	Albert W. Atwood
21.	ACCOUNTING PRACTICE AND AUDITING	John T. Madden
22.	FINANCIAL AND BUSINESS STATEMENTS	Leo Greendlinger
23.	INVESTMENT	Edward D. Jones
24.	BUSINESS AND THE GOVERNMENT	Jeremiah W. Jenks

BUSINESS AND THE MAN

BY

JOSEPH FRENCH JOHNSON, D.C.S., LL..D

Dean of the New York University School of Commerce, Accounts and Finance

MODERN BUSINESS

VOLUME I

ALEXANDER HAMILTON INSTITUTE

NEW YORK

COPYRIGHT, 1918, 1919, BY
ALEXANDER HAMILTON INSTITUTE

COPYRIGHT IN GREAT BRITAIN, 1918, 1919, BY
ALEXANDER HAMILTON INSTITUTE

The title and contents of this volume as well as the business growing out of it, are further protected by laws relating to trade marks and unfair trade. All rights reserved, including translation into Scandinavian.

Registered trade mark, Reg. U. S. Pat. Off., Marca Registrada, M. de F.

MADE IN U. S. A.

EDITOR'S PREFACE

"Modern Business" is a pioneer work in its field. Its authors, who are successful teachers, have aimed in these twenty-four volumes to apply scientific methods in the discussion of the various phases of business and at the same time to be so practical and clear, and so copious with illustrations, that their words shall be readily understood by every man of ordinary intelligence. They should appeal to the mature man already engaged in business, for they will explain many phenomena which now puzzle him; and to the young man looking forward to a business career, for they will give him a helpful grasp of underlying principles and a most useful knowledge of modern forms, methods and practices.

The volumes of "Modern Business," it should be clearly understood, are not designed to cover thoroly and in detail every point that ought to be included in a study of present-day business; they constitute but one feature of the Alexander Hamilton Institute's comprehensive course of training for business. The function of the Texts is to present clearly the basic principles of each subject discussed. Applications to specific problems, concrete questions, technical details are largely left to be treated in other features of the course. The twenty-four text volumes of the Insti-

tute present in most readable form the fundamental principles in accordance with which successful business is and must be conducted. It is intended that the subscriber who reads these volumes and the other literature of the Institute shall have the substance of a liberal education for business, that he shall be better able to understand and solve any and all kinds of business problems, and that in his own business he shall rely more and more upon reason and the proved experience of others, and less and less upon prejudice, weak imitation and outworn traditions.

It is only during the last few decades that business has been recognized as a science worthy the attention of specialists. Many doctrinaire political economies have been written, but these in the main have sought to explain, not the actual phenomena of the business world, but the phenomena of an imaginary, hypothetical world in which all men were supposed to be actuated solely by economic or material considerations. Such classic writers as Adam Smith, David Ricardo, and John Stuart Mill performed a great service for humanity, for they called attention to certain truths which must always prevail so long as human nature is unchanged; but their service lies largely in the field of pure economics rather than that of practical or applied economics. Our great economists did not seek to explain the actual phenomena of every-day life. Their interests lay, not in the science of business, but in social or national economy. As a result their works, altho possessing great scientific value, seem far

removed from the affairs which interest the practical business man.

The volumes of "Modern Business," on the other hand, are directly concerned with the problems which the business man is called upon daily to solve. They treat specifically of the science and art of business. The problems involved in the more general science of so-called political or national economy they discuss only in so far as light is thus thrown upon actual transactions. These twenty-four volumes from a scientific point of view all belong in the same field, each discussing a separate set of business phenomena. Could their contents be condensed into a single volume, it would be a complete syllabus or outline of the science of business in all its phases and practical applications. It must not be supposed, however, that the writers ignore the teachings of the older economists. On the contrary, those teachings, in so far as they are applicable today, are here given emphasis and fresh illustration.

Within the last few years many of the leading universities of the United States, including the University of Pennsylvania, New York University, Harvard, University of Wisconsin, University of Michigan and the University of Illinois, have established schools of commerce in which they aim to give young men a thoro training in the principles of business. Their work is based upon a belief that thru a study of commercial methods and economic forces a young man may get valuable mental discipline and at the same

time acquire the technical knowledge and the habits that make for efficiency and success in business. These schools of commerce have been the outgrowth of a popular demand for instruction of the sort they give, and the large number of students they have enrolled is evidence that the people of the United States realize the importance of intellectual training as a preparation for business careers. It has long been acknowledged that a man who chooses the career of a physician, of a civil or mechanical engineer, of an architect, or of a dentist, must prepare himself for his work by devoting several years to study in the schools and universities. Now it is known that the young man who chooses a career as a banker, or certified public accountant, or stock-broker, or bond-dealer, or fire or life insurance agent, or journalist, or real estate dealer, or manufacturer, ought in the beginning to learn by study all that is possible from the experience of others. In other words, many of our business careers have become professional in their character, requiring a training of the intellect quite as much as the older professions. It is for this purpose that our schools of commerce have been established and are now enrolling large numbers of students.

But not all men can attend these schools of commerce. Many a young man is earning a living in his native town at a distance from a university and without the means to go to it. Furthermore, there are thousands of older men—including many of high ability—in the United States and other countries who

realize the deficiencies of their early training and regret that they have no opportunity to get the education which they could not get or did not get in their youth. Most ambitious men of this kind have families to support and are tied down to a particular location. It is for men of this sort who are distant from universities, or whose daily employment prevents their attendance upon university schools, that these volumes have been prepared. The authors, all of them experienced university teachers, have aimed, above all things, at comprehensiveness and clearness, in order that no reader of intelligence might be puzzled. They have aimed also to develop each subject in such logical fashion and to illustrate all points so clearly that every reader who conscientiously follows directions and does the work outlined for him shall not fail to arrive at an intelligent understanding of each of the subjects.

Every author was urged to have clearly and constantly in mind the following facts:

(1) That the subscribers to the Alexander Hamilton Institute Modern Business Course and Service are *active, intelligent, ambitious* business men.

(2) That the single aim or purpose of the Modern Business Course and Service is to help men to become more productive and to increase their incomes, either by showing them how to improve the quality of their present work or by fitting them for more difficult and more profitable undertakings.

In Volume 1 on "Business and the Man," I have

sought to make clear the fundamental nature of business and to show how human qualities and characteristics affect the success of men in the pursuit of wealth. It is intended as a study of human nature based on long experience and related especially to the business field.

For valuable suggestions in the preparation of this volume I am greatly indebted to my colleagues, Professor Enoch Burton Gowin, and Dr. Rudolph M. Binder of the New York University School of Commerce, and to one of my former students, Clinton Collver, recently director of the School of Commerce of the Young Men's Christian Association in Baltimore.

It is not necessary to take the space here to describe the contents of all the Texts. The reader will find that they treat of all forms of business activity and that these might all be conveniently classed under four heads as follows: Production, Marketing, Finance, Accounting. The scope and aim of each volume the subscriber will find succinctly stated in each author's preface.

The order of arrangement may strike the subscriber as arbitrary, but it is not. It was adopted after a careful analysis of the curricula of university schools of commerce and is believed to be the best possible sequence in which the various subjects can be taken up and mastered. Some of the volumes, to be sure, could be read with profit by a man who had not read all or any of the preceding ones; for example, the Texts

on "Advertising Principles" and "Business Correspondence." In regard to other volumes it is presupposed that the subscriber already has mastered the contents of certain other volumes. It is well therefore for the subscriber in his reading to follow the arrangement prescribed by the Institute.

The relations of the United States to Canada are growing closer every day. That the American business man should know something of Canadian practice where it differs from our own is highly important. We have, therefore, secured for some of the volumes the collaboration of Canadian authors, who have read the galley-proofs of the Texts, and inserted such information as seemed necessary to give a correct view of Canadian experience or practice.

The review questions at the end of each chapter are intended to be an aid to the subscriber. He is not expected to send written answers to the Institute.

The personal service of the Institute, however, applies to the reading of the Modern Business Texts. Thru this service, any questions which may arise in the mind of the subscriber concerning the subjects treated in the Texts, will be answered. The subscriber is urged to submit to the Institute any doubtful points.

It would be impossible to give due credit to all the persons who have united in the effort to make these twenty-four volumes worthy of their purpose. The authors have put their best thought into the books, and have never failed to give patient heed to the

editor's suggestions. Full credit is given to the thousands of loyal Institute subscribers who thru their timely suggestions and criticisms of the Texts, have helped to make them of such practical value. These suggestions are always gratefully received, and whenever desirable, they are embodied in the succeeding revision of the Texts. I feel personally under great obligation to my old friend and colleague, Dr. Roland P. Falkner, upon whose shoulders has fallen a large part of the heavy task of editing and revision.

JOSEPH FRENCH JOHNSON.

New York.

TABLE OF CONTENTS

SCIENTIFIC TRAINING FOR BUSINESS

Introduction to the Modern Business Course and Service 1

BUSINESS AND THE MAN

CHAPTER I

NATURE AND AIM OF BUSINESS

SECTION		PAGE
1.	Definition of Business	37
2.	Profit and Risk Essential Elements	39
3.	Importance of Money and Price	40
4.	Business Must Satisfy Human Wants	41
5.	New Wants Constantly Appearing	42
6.	The Overproduction Bogey	44
7.	Importance of Salesmanship and Advertising	45
8.	Three Great Classes of Business	46
9.	The Professions	47
10.	Artists	49
11.	Is Business a Profession?	50
12.	What Constitutes Success in Business?	53
13.	Dignity and Importance of Business	54
14.	Business as a Job	57
15.	Business as a Fascinating Game	58

CHAPTER II

THE PROFIT PROBLEM

1.	Cost and Prices	61
2.	Necessity for Capital	62

SECTION PAGE
3. Capital Got Only by Saving 63
4. Nature of Competition 65
5. Unfair Competition 67
6. Building an Organization 69
7. Labor Troubles 70
8. Unforeseen Price Changes 72
9. Perils of Advertising 73
10. Bad Debts 74
11. Unwise Laws 75
12. Climatic Uncertainties 77
13. Changes in Fashions and Fads 78
14. Brains and Will-Power 79

CHAPTER III

ECONOMICS AND SOCIOLOGY

1. Custom or Group Habits 82
2. Aim of Sociology 82
3. Socialism Not Sociology 84
4. Aim of Economics 84
5. The Reformer 85
6. Mercantilists 86
7. Physiocrats 87
8. English Classical School 88
9. Significance of Human Wants 90
10. Sociology and Consumption 91
11. Poverty and Incompetence 93
12. National Efficiency 94
13. Inflexibility of Custom 96

CHAPTER IV

PSYCHOLOGY

1. The Human Equation 99
2. Nervous System 99

SECTION PAGE
3. Nerve Ganglia 100
4. Medulla Oblongata 100
5. Cerebellum 101
6. Cerebrum 101
7. Habits, Good and Bad 101
8. Operating the Mental Machine 102
9. Appeals to the Instincts 103
10. Making Use of Reason 104
11. Choice of Appeals 105
12. Suiting Appeal to Person 106
13. Traits in Common 107
14. One's Own Personality 107
15. Appeal in Relation to Action 108
16. Attention 109

CHAPTER V

ETHICS OF BUSINESS

1. Science of Ethics 111
2. The Moral Imperative in Business 112
3. The Law and Ethics 115
4. Codes of Ethics 115
5. Caveat Emptor 116
6. Standards Enforced by Law 118
7. Unwise Laws 119
8. Trades Lacking Standards 120
9. Merchandising 121
10. Trade Associations 122
11. Wall Street 124
12. New York Stock Exchange 126
13. Ethics of Directors 127
14. Ethics of a Great Industry 128

CHAPTER VI

VISION, OR THE IDEA

SECTION		PAGE
1.	Imagination	130
2.	Visual	131
3.	Sound and Other Sense Images	132
4.	Memory Supplies the Materials	133
5.	Imagination in Science	134
6.	The Ideal	136
7.	Vision and Judgment	137
8.	Idea and Ambition	139
9.	Idea and Enthusiasm	141
10.	Vision and Will	142
11.	Genius	143
12.	The Fixed Idea	144
13.	Vision at Work	145

CHAPTER VII

PERSONAL EFFICIENCY

1.	Energy, Time and Space	150
2.	Know Thyself	152
3.	Be Thyself	154
4.	Temperament	156
5.	The Efficient Mind	158
6.	Purpose	159
7.	The Dominant Trait	161
8.	The Head and the Heels	163
9.	Habit	164
10.	Environment	166
11.	Poise, or Self-Possession	167
12.	Weak Spots in Character	168

CHAPTER VIII

HEALTH

SECTION		PAGE
1.	The Strain of Business	171
2.	What Is a Strong Body?	172
3.	Sound Nerves	175
4.	Relation of Body to Mind	176
5.	Health Must Be Earned	177
6.	Exercise	178
7.	Play	181
8.	Right Mental Attitude	182
9.	Ready Remedies	184
10.	Alcohol and Other Habit-Forming Drugs	185
11.	Food	187

CHAPTER IX

THE EFFICIENT BUSINESS MAN

1.	Certain Essential Qualities	189
2.	Decision	190
3.	Expert Knowledge	191
4.	Judgment	193
5.	Self-Reliance	196
6.	Patience and Grit	196
7.	Concentration	197
8.	Enthusiasm	199
9.	Imagination	200
10.	Executive Ability	200

CHAPTER X

THE EXECUTIVE

1.	Three Classes of Men	203
2.	The Executive a Business Statesman	205
3.	Delegated Responsibility of the Executive	207
4.	Qualities of the Executive	209

SECTION PAGE
5. Responsibility 209
6. Initiative 211
7. Courage 212
8. Energy 213
9. Selection of Subordinates 215
10. Methods of Control 216
11. "Born Leaders" 217
12. Pay of the Executive 219

CHAPTER XI

SUBORDINATE OR JUNIOR OFFICERS

1. Duties and Responsibilities 223
2. Training and Experience 224
3. Team Work 225
4. Loyalty 226
5. Obedience 227
6. Adaptability 228
7. Willingness to Learn 229
8. Ideas and Initiative 230
9. Capacity for Detail 231
10. His Prospects 233

CHAPTER XII

THE RANK-AND-FILE WORKER

1. Men and Machines 235
2. Work and Responsibility of the Rank-and-File Worker 237
3. Training for Higher Positions 238
4. Choosing One's Career 239
5. Certain Cardinal Virtues 240
6. The Cheerful Worker 242
7. Courtesy 244
8. Personal Appearance 246

SECTION PAGE
9. Punctuality 247
10. The Man in a Rut 248
11. Hidden Perils 249
12. On Getting a Start 252
13. Education and Advancement 255
14. Wages 256

CHAPTER XIII

PERSONALITY

1. Intuitive Judgments 260
2. Meaning of Personality 262
3. Strong Personalities 263
4. Disagreeable Personalities 264
5. Value of Personality in Business 266
6. Possibility of Development 267
7. Qualities a Young Man Should Cultivate . . . 269
8. Resolute Will 269
9. Self-Control 271
10. Knowledge and Self-Confidence 273
11. Self-Confidence Is Not Conceit 275
12. Courtesy 275

CHAPTER XIV

CHARACTER ANALYSIS

1. Character and Personality 278
2. Does Character Mark Us? 279
3. Phrenology and Physiognomy 281
4. Evolution of Physical Characteristics 285
5. Mental Power 287
6. Practical Tests 289
7. Will-Power 290
8. Stability and Reliability 293
9. Energy, or Love of Work 295

SECTION PAGE
10. The Dishonest or Tricky Man 297
11. Tact 298

CHAPTER XV

OPPORTUNITY

1. Universally Desired 302
2. Growth Creates Opportunities 302
3. Business Opportunities Increasing in the United States 304
4. Variety and Opportunity 305
5. Is There a Law of Opportunity? 306
6. Opportunity and Ability 308
7. Opportunity Always Near at Hand 309
8. The Will for Doing 311
9. Business Experience 313
10. Luck 314
11. Opportunity and Age 316
12. Preparedness 318

SCIENTIFIC TRAINING FOR BUSINESS

AN INTRODUCTION TO THE MODERN BUSINESS COURSE AND SERVICE

1. *University schools of commerce.*—Only a few years ago no books were to be had which treated business subjects in a way both practical and scientific. In 1890, if a man wished to solve any of the problems of business or to get an understanding of business principles, he had to think it all out for himself.

Since that time, however, American universities have admitted business subjects into their curricula, and men of scientific training have been studying the phenomena of business. In the last century science has made clear to us many of the processes of nature. It has helped even the farmer to increase his crops. It foretells the weather. It has given us vehicles propelled by gas and electricity, rendering the horse almost obsolete. It has enabled man to fly thru the air. Science is at last at work in the field of business, and should accomplish there results as brilliant and valuable as any that have been achieved in physics or chemistry.

The purpose of a university school of commerce is twofold: First, to give the students a scientific knowledge of the laws or principles governing business phenomena; second, to make its instruction so

practical that the student when he enters business will know something of the nature of his task as well as of those higher up.

All professional schools have this double purpose. For example, the medical student must study the sciences of physiology, bacteriology and chemistry, and also learn by experience in the hospital how to make use of these sciences in the care of disease. The experience which makes a man a great physician is obtained only by years of practice. The medical school, if it does its work well, graduates a man trained in the necessary sciences and with some skill in the application of their principles. In the same way a university school of commerce aims to train men in the sciences underlying business and to give them some knowledge of the practical difficulties that will confront them in actual business.

The medical school does not seek to train specialists, but rather to give that broad knowledge of fundamental principles without which a specialist would be narrow and one-sided. In the same way a university school of commerce aims first at broad training. Specialization must come later.

2. *Purpose of the Alexander Hamilton Institute.*— The Alexander Hamilton Institute was founded in 1909 for the purpose of bringing the aid of science to men who are engaged in business. It puts into their hands literature which will help them to understand the principles underlying business phenomena. It does not aim to make them specialists, as account-

ants, or bankers, or credit men, or merchants; it aims rather to help them gain such a clear understanding of all business operations that their feet shall be on a solid foundation whatever their business or their specialty.

Modern business, in a sense, is an organism comparable to the human body. The oculist who has not had an all-round training in medical science is a quack incapable of diagnosing correctly diseases of the eye, for many of these diseases are symptoms of disorders in other parts of the body. In somewhat the same way every business man is confronted by problems which he cannot solve correctly if he has only a superficial knowledge of business in general. Business is exposed to perils which the ignorant man cannot foresee. He does not even suspect their existence. If they overwhelm him, he blames his luck, not his ignorance.

The violent readjustments made necessary in American business by the great war furnish an illustration showing how closely the various parts of the business world are knit together. The effects were so stupendous that any man could trace them to their cause. The causes of the higher prices of dye-stuffs and of certain drugs were obvious. It was obvious, too, that the war would bring an increased demand and higher prices for munitions. Results like these everybody understands. The war was an object lesson on a large scale. But the untrained business man does not know that many events in the

business world are the results of forces invisible to the casual observer. He fails to realize that the law of cause and effect rules in business quite as much as in nature.

The condition of the human body is revealed to the wise physician by symptoms. There are signs also which indicate the condition of the business organism. Certain phenomena are invariably followed by certain others. The Alexander Hamilton Institute wants its subscribers to be able to trace the connection of cause and effect between events in the business world. It would have them scientific as well as practical.

3. *Duty of the subscriber.*—Every teacher has met the student who expects the teacher somehow to inject knowledge and understanding into him. Such a student unconsciously thinks of his intellect as a bucket and of the teacher as a man of such skill that he can fill the bucket with knowledge. He does not want to make any effort himself and is rather incredulous when told that he has got to do the work, the teacher merely telling him what to do.

The first duty of a subscriber to the Modern Business Course and Service is to resolve that he will read carefully and with an open mind all the Texts and other literature which he receives from the Institute.

His second duty is to give the Institute every possible chance to help him. If he has tried his best to understand a principle or to solve a problem and is still perplexed, he should seek the advice of the Institute.

Finally, the subscriber should not let himself get discouraged. Most of his study should be a joy to him, for the human mind is fortunately so constituted that it loves to understand things. Curiosity is a manifestation of that love; if that quality had been left out of man, the human race would still be in a state of savagery. Instinctively a man wants to know why certain things take place. Too often men are satisfied with a reason that does not really explain. For thousands of years men were content merely to know that rain and sunshine made the crops grow; only in recent years have they discovered that many other things are essential, and why different kinds of soil are best for different crops.

The scientist always takes keen pleasure in the discovery of a new truth. I doubt, indeed, if there is any higher or finer kind of pleasure. So the student should take pleasure, as a rule, in the rolling away of a curtain which has hidden from him an important truth. Even tho it be a truth well known to many others, to him it will be a discovery.

But the subscriber must not expect always to be entertained and delighted. Let him bear in mind that the Modern Business Course and Service has been carefully planned by men who have had much experience as teachers and that they have sought to give him the benefit of their thinking and knowledge in the best possible manner. The subscriber who "sticks to the end" will be an enthusiast in the study of business problems in general and of his own in particular.

4. *Read with the mind.*—Books, magazines and newspapers are so cheap that there is danger lest reading become a lost art. A few centuries ago, when books were scarce, much real reading was done. Now we skim the newspapers, dash thru the magazines, and hastily leap thru many books—and pride ourselves on the fact that we have read much.

But reading is an art, and it must be learned by conscious effort. Just as many a student is likely to think that a teacher can pour information into him, so the average reader of a book has an idea that the author is going to give him something without any effort on his part. That cannot be done.

No one can get anything worth while out of a book unless while reading it with his eyes his mind works just as did the author's mind when he wrote the book.

The eyes must be thought of merely as windows thru which the mind looks and grasps and reproduces the author's thoughts. Any other kind of reading is casual, desultory, profitless. Novels and stories may be read with the intellect half-asleep, the imagination and memory alone being really awake, but the reading done for the purpose of training the understanding must be done by the mind itself. The entire mind must be awake.

A man may read a chapter in psychology or political economy a dozen times and have no understanding of its contents. If he has an unusually retentive memory, he may be able to recite parts of the chapter and yet have no real knowledge of what the author in-

tended to convey. He reads merely with his eyes. But if he makes his mind work, and if the author is not obscure in his style, a single reading of the same chapter will make him master of all the author has to say.

In order to read a book with his mind, instead of merely with his eyes, it is advisable for the reader to run over the table of contents and then read the author's preface, trying in advance to get some idea of what the book is about, of what in general the author wishes to explain or demonstrate. In other words, before you read, you should make your own mind do some work. It would be well if you try to do some thinking yourself on the subject of the book. You might ask yourself, "What do I know about this subject anyway? What would I like to know about it? If I had to write a book on this subject, of what topics would I treat and on which would I place special emphasis?"

The value of this preparatory work, which may occupy ten minutes or an hour, perhaps longer, is that it will tend to get your mind into working harness. It will also stir somewhat your curiosity or interest in the subject.

5. *"Gist" sentences and paragraphs.*—Next the reader should attack the first chapter, resolved to master its contents as quickly as possible. In every chapter the author has tried to put some truth which the reader ought to know and understand. Possibly the reader may know it already; if so, he will quickly

discover the fact and pass on to the second chapter; but if the content of the chapter is new to him, the reader must search for it as his eyes travel over the pages. The gist of the chapter may possibly be found in a single paragraph's being illustrative, explanatory or descriptive. The "gist" paragraph or "gist" sentence may be at the end or at the beginning or in the middle of the chapter. The reader's mind must be on the alert to discover it; unless he finds it the chapter will contain many sentences that mean nothing at all to him.

To help my memory I have the habit of using a lead pencil freely in reading books whose contents I wish to absorb quickly. On my first reading I underscore in pencil, or mark in the margin, sentences which at first strike me as important. Having finished reading a chapter, I can review it in a few minutes, and I usually find that my pencil has marked the "key" or "gist" sentence or sentences which unlock and disclose all the author's thought.

6. *Reading by the page.*—When reading with the mind it is often possible to read by the page, or by the paragraph, instead of groping along thru sentence after sentence. This method of reading is advisable when you already have some knowledge of the subject, and is adopted by most of us when we read newspapers and are looking for important things, not caring about details. It must not be confused with slipshod reading; the latter, which is the bane of many

students, is hasty and careless reading, the mind not being alert and attentive.

To read a paragraph rapidly your mind must be wide-awake to discover almost at a glance whether it contains something new to you. Take, for example, the paragraphs I have just written on reading. Perhaps you have already learned to read and you may have felt pretty sure that you knew what I was going to say when you saw the side-head "Read with the mind." If so you could very quickly find out if the paragraphs following that side-head contained any information you did not already possess. It might not have been necessary for you to read every sentence and paragraph carefully. But if what I have said about reading has come to you as a surprise, you should go over it all carefully and thoughtfully; that is, you should read it with your mind.

It may interest you to know, by the way, that the German philosopher, Immanuel Kant, once said that he could get the heart out of any book he ever saw in an hour. You are not expected to get the heart out of this, or of any other of the Institute's books, in an hour, for it is not to be presumed that you have had the intellectual training of a Kant, but I do advise that you try to find out just what Kant meant by his remark, and do some thinking on how he would go about it to get the heart out of a book in an hour.

If you attack this little problem resolutely and do not give it up because you cannot reach a solution

immediately, or even after six months of thinking and experimenting, you will achieve results that will surprise you. There is no short-cut method of learning the art. You must learn it by diligent practice, and you should practise it while reading the literature of the Institute by seeing how quickly you can get "the heart" out of a given chapter or lecture.

7. *Concentration.*—What I have said about reading with the mind rather than with the eyes alone, could have been said with equal pertinence under the head of "Concentration." This word comes from the Latin and means bringing things to a common center. We mentally concentrate when we focus our powers of mind upon any one thought or problem. The man who has a very retentive memory sometimes relies upon it too much, failing to make use of his judgment or imagination. When he faces an emergency, he remembers what he has read about the best procedure under such circumstances and acts without giving his judgment a chance to advise or his imagination a chance to invent a new and better method. He fails to concentrate and so fails to become an originator. Such a man in business is likely to be a mere imitator, and may never become a great success because of his failure to take advantage of new conditions.

Memory is a most useful servant and should not be neglected, but the man who makes all of his faculties work realizes that memory carries, as it were, only second-hand goods. He who uses memory merely

as an aid to judgment and imagination concentrates, and he is the man who achieves real success in business.

It goes without saying that in reading the pages of this Introduction your mind should be in a state of concentration. Your judgment, that is, your intellect, should be weighing the correctness and soundness of my statements. Your imagination should be placing on the screen many pictures, say of yourself or a friend seeking to get the heart out of a chapter, or of yourself as you will be five years hence when you will read like Immanuel Kant. Your memory may jog you now and then with a reminder that you have read something like this in another book, or that you yourself have had an experience which in some way confirms some of my statements.

8. *On being interested.*—In order to get much benefit out of any study a man must really want to know, he must be curious; the greater his curiosity the greater will be his zest in his study. Studying a subject in which we are not interested merely results in weariness.

A subscriber ambitious to make the most of himself in business, even tho in the past he has found study dull and books dreary, should not lose heart. The fact that he did not like study at school and was never interested in books, preferring always to learn everything by doing and by observation, is not evidence that he will not be really interested in the thinking and reading which the Institute will strive to make him do. If he has taken up the task languidly, his

first job must be to convince himself that he cannot get on in the world as he ought to unless he goes thru the Modern Business Course conscientiously. Let him put behind him the notion that success of any kind ever comes as the result of luck or chance. If he follows the Course of the Institute, he will have no doubt upon that score. Success in business comes only to those who work hard and do clear thinking. If the subscriber is in earnest and is willing to pay the price, namely, that of work and concentration, he will find himself getting more and more interested as he pursues the Course.

9. *Clear thinking.*—In the foregoing pages I have occasionally made references to clear thinking, science, scientific training, knowledge and understanding. It is well for us at the outset to get the correct meaning of these expressions.

I have frequently asked college seniors to define the words "think" and "cause," and I have rarely got a satisfactory reply. The answers are too often examples of muddled thinking. A man, to be sure, may think clearly and yet not be able to explain what he means by clear thinking. However, it helps us to keep our thinking clear if we know exactly what it is and some of the common difficulties in the way of it. The average man may suppose he is thinking when he is only dreaming or letting his fancy construct air-castles. Others suppose they are thinking when they are just sitting idly while images of this and that thing seen and remembered pass thru consciousness. They

are not thinking at all; they are enjoying a memory "movie."

Thinking is not an idle, lazy, passive mental occupation. It is strenuous work of the intellect. The aim of thinking is understanding. The mind is looking for an explanation of something that it does not understand. It is seeking to throw light into a dark place.

When do we understand anything? When are we able to explain it? Not until we know precisely what is its cause. If the price of copper declines, we do not understand it and cannot explain it until we know the cause of the decline. We may learn that new copper mines have been discovered, and that the world's output of copper has been greatly increased. Then we are satisfied, for our mind has discovered a cause which explains the decline of price.

But our mind must not be too easily satisfied. We must be as sure as possible, if our thinking is to be clear, that we have found the real cause of the phenomenon we are studying. Nearly all phenomena in the world of nature, as well as in the world of business, are the results of a combination of forces. We do not do clear thinking if we neglect any of them.

10. *Meaning of "cause."*—We should, first of all, do some clear thinking about the word "cause." Most people have hazy ideas about it. Quite commonly it is thought of as that which brings a thing into existence; but that is only another way of saying that a

cause of any event is something which *causes* it to be. We cannot accept such a definition.

As a matter of fact, we know very little about real causes, that is, those forces which bring change into the world. All we know is that under certain conditions, certain things always have happened; that certain events are always followed by certain others. We know, for example, that a kettle of cold water placed over a fire will soon give us the phenomenon of boiling. The first phenomenon—fire—is the cause of the second phenomenon—boiling. Our mind, being still curious, asks *why* the water boils; what is the *cause* of it. We discover that many substances expand when heated, and we call this fact a scientific law. Then we say water boils because the heated water at the bottom of the kettle, being lightest, rushes to the top. But the scientific mind is still curious. Why does heat make water or any other substance expand? To find an answer to this question, the mind goes into a realm of speculation which we need not enter.

You are thinking when you are seeking for the causes of phenomena.

By cause is meant that phenomenon or combination of phenomena which observation and experience have shown always to be followed by the phenomenon you are studying. To make your thinking clear and "scientific," you must beware of conventional explanations and be certain of your facts. The well-known belief in some quarters that a "wet" moon indicates

rain, or that a dry spell cannot be broken until the moon changes, is not the product of clear or scientific thinking. Furthermore, the memories of the people who believe such things are not to be trusted, as they fail altogether to note or remember the occasions when their so-called "law" did not work.

11. *Definition of science.*—The word "science" is very loosely used in everyday speech. It is derived from a Latin word meaning "to know" and is commonly applied to any kind of knowledge which is believed to be exact and precise. A favorite dictionary definition is "classified knowledge." Let us get a clearer idea of what the word means.

As we have already shown, we do not understand any event or phenomenon unless we know its cause. Until we get at the cause we cannot explain anything in a way satisfactory to ourselves or to other people. The word "explain" might properly be defined as follows: To make any fact or occurrence intelligible by showing what caused it. And the word "understand" means: To perceive or grasp a phenomenon (that is, fact, event or occurrence) in all its important *causal* relationships.

I have purposely used some so-called scientific phrases in the foregoing paragraph, for I want the reader to become familiar with them. They are convenient tools of expression when one wants to be exact, and are not at all difficult to understand. The word "phenomenon" (of which the plural is phenomena) the reader will find frequently in scientific

treatises. It comes from a Greek word meaning "to appear." The meaning is very broad. Anything which affects the senses and so makes an impression upon the mind is a phenomenon. To the scientist any object or occurrence is a phenomenon, whether it be usual or unusual, ordinary or extraordinary. It is the scientist's word for thing or happening.

A science is any body of knowledge in a given field so arranged or classified that the phenomena can be understood. The goal of science is understanding, and a man is doing scientific work when he is searching for the causes of phenomena. If he is merely collecting facts and classifying his knowledge of them, he may be a statistician or historian or annalist, but not a scientist, for he may not be seeking to explain or interpret the facts. The real aim of science is to explain phenomena by discovering their causes. History is a science, therefore, in so far as it points out why certain events took place. The historian who merely tells what happened in certain years, without undertaking to make clear why events happened as they did, is a narrator or annalist, not a historian in the scientific sense.

A man whose memory holds many facts may be called a man of much learning or knowledge, yet he may have little acquaintance with science. He becomes scientific when he groups his facts into classes according to their likenesses and seeks to explain them by inquiry into their relations as causes and effects.

Science is specially concerned with the so-called chain of cause and effect.

Emerson says, "We all have facts enough; what we need is the heat that dissolves the facts."

12. *Three ways of getting knowledge.*—Knowledge comes either from perceiving a phenomenon or from understanding it. A man who has seen many things happen, or who has read carefully some history of the United States, has acquired knowledge of the first sort if he has a retentive memory. If he has gone beyond the facts that he has seen and has discovered their causes, or has studied the forces which have shaped the development of the United States, he has that higher kind of knowledge which is called scientific. He is then a man not merely of knowledge but also of understanding.

To store the mind with a large knowledge of facts and phenomena, a man must evidently cultivate his powers of observation and memory. Both these faculties are exceedingly valuable. A man in whom they are weak is not likely to do clear thinking for the reason that he will never be certain about his facts, but it is easy to overestimate the importance of these faculties, for learning, that is, the mere knowledge of a large number of facts, or the ability to recall historical dates, produces a great impression, especially among the uneducated. A man of excellent memory seems to be very wise, yet he who devotes most of his energy to gathering and recording facts, neglecting to inquire into their scientific meaning, that is, not seek-

ing to understand them, is never really a wise man. If the facts or the information which he collects are arranged in such order that they can be utilized by others as a basis for thinking, he is a servant of science and is helping to add to our real knowledge of things.

What I have just called real knowledge of things is knowledge of the higher sort, namely, understanding. Sometimes this knowledge is called truth; it is the object of all real thinking.

The mind arrives at truth in three different ways: First, thru intuition, a word derived from the Latin meaning "to see into"; second, by experience or, as the philosophers call it, by induction, from two Latin words meaning "lead into"; or third, by logical reasoning or deduction, a Latin word meaning "leading from." These three methods of acquiring a knowledge of the truth, or an understanding of facts, are fully explained and illustrated in any ordinary treatise upon logic. Here I will undertake to give only a general idea of their nature. If a subscriber is specially interested, he can easily pursue the subject after he has finished the Institute's Course.

13. *Intuition.*—There are certain truths which the human intellect perceives without effort. In mathematics such truths are called axioms; in philosophy, innate ideas. We know that two parallel lines can never meet; that a straight line is the shortest distance between two points; that the sum of the parts cannot exceed the whole, and so on. We know, too, that space is endless, that if we could fly thru the ether, we might

travel for all time in any direction and never come to the boundaries of the universe. These truths, which the philosophers call "innate" or "inborn," are said to be got by intuition. The mind instantly perceives the truth of a mathematical axiom and cannot possibly conceive of its opposite being true. Mathematics, philosophy and metaphysics are entirely built upon truths obtained thru intuition.

14. *Deduction or a priori reasoning.*—If you have studied geometry, you will easily understand the nature of the process of reasoning called deduction, for this process is illustrated in the demonstration of every theorem. Deduction is a reasoning from the general to the particular. The stock illustration is: Man is mortal; John Smith is a man; therefore John Smith is mortal. Reasoning of this style is called a syllogism, of which the first clause is the major premise, the second the minor premise, and the last the conclusion.

Man would know very little about the outer world if he had to rely exclusively upon deduction and intuition. He would have at hand only a few major premises, namely, those furnished by intuition, and would be able to develop only the so-called pure sciences, by which is meant those sciences, such as mathematics, the truths of which are independent of our sense impressions. Deduction as a source of knowledge is chiefly valuable when employed in connection with experience or induction.

15. *Experience, or induction.*—Most of our knowledge of the world in which we live has been obtained

thru the five senses. In logic, the process is called induction.

How do you know that boiling an egg for five minutes will make it hard? Or that boiling potatoes for twenty minutes will make them soft and edible? You know it solely because you have tried the experiment, or because you know some one else has. If a cook should boil an egg five minutes and should find it very soft, she would be very much astonished. She would doubtless suspect the accuracy of her clock or of her eyesight, and if the strange event happened frequently, she might, especially if she were superstitious, think the house bewitched and give notice.

Yet nobody really knows absolutely that boiling an egg five minutes will make its contents hard. All we know is that in the past when eggs were boiled five minutes they did become hard. So we have assumed it to be a law that to boil an egg for that length of time will make it hard.

If a man decides to commit suicide by jumping from a high building, he believes that his body will go to the ground and not up toward the clouds. Yet he does not absolutely know that. All he really knows is that in the past when a man has sprung from a height his body has gone down, not up.

All of our knowledge of the external world is of this sort, namely, inductive, for it is based upon experience. We assume that the laws of nature will not change, and that things today will happen as they did yesterday if all conditions are the same.

If for several years a farmer applies nitrates and phosphates to one field and not to another, and uniformly gets a better crop off the first field than off the other, he concludes that these chemicals are good fertilizers and that he will get a larger crop if he uses them than if he does not.

We observe that immoderate consumers of alcoholic beverages frequently get red noses and watery eyes. If we meet a stranger with a red nose and watery eyes, involuntarily we conclude that he is an alcoholic.

If you examine these illustrations, you will find that in every instance a general conclusion or inference has been reached which has for its basis a number of observations or experiences. The fact that boiling an egg five minutes has always made it hard, leads us to the general conclusion that such will always be the case. That method of arriving at knowledge is called induction, a reasoning from particulars up to the general.

16. *Induction and deduction work together.*—Most of our knowledge is obtained by the combined use of induction and deduction. The two methods, so to speak, pull together like a team of horses, one helping the other. Having learned from experience what usually follows the appearance of heavy black clouds, thunder and lightning, men have drawn the conclusion that these phenomena indicate rain. This is an induction. If we see the sky heavily clouded and hear thunder, we say it is going to rain. This is deduc-

tion, the major premise of which is: Black clouds and thunder are followed by rain; and the minor premise: There are now black clouds and thunder; hence the conclusion: We shall have rain. So in most of our conclusions with respect to ordinary everyday affairs. We are constantly drawing conclusions in which both induction and deduction are employed. In this rain illustration we get our general proposition with regard to the sequence of thunder and rain thru induction, but we reach our particular conclusion by deduction.

Let us take another illustration. A man is brought into court accused of being a sneak thief. The magistrate has had experience with sneak thieves, let us suppose, and has observed that their lips are usually thin, that their eyes are close together, and that they will not look at you steadily. By induction he has come to the conclusion that men possessing these traits are inclined to thievery. He notes that the prisoner at the bar has all these traits and by deduction he is prejudiced against him. Unconsciously his mind works out this syllogism: Men of thin lips and furtive, narrow eyes are sneak thieves; the prisoner has thin lips and furtive, narrow eyes; therefore, he is a sneak thief. You will say that the magistrate is prejudiced, and that he ought not to let his mind be influenced in the way I have indicated, but he cannot help it. As an honest judge, he will do his best to weigh in the balance the evidence for and against the prisoner, but back of all the evidence there will be that

"sub-conscious" judgment, and it will not work to the prisoner's advantage.

17. *Hypothesis.*—The uncritical mind may be led into error by either induction or deduction, but most of our mistakes, prejudices and wrong ideas are due to our careless use of the inductive method. People observe a few facts and then "jump" to a conclusion. Their minds being untrained, they often cling to their conclusions with great obstinacy and refuse to listen when anybody seeks to enlighten them. Hence we find people still carrying horse-chestnuts in their pockets to prevent rheumatism, wearing amber beads about their necks to ward off a sore throat, confident that a "wet" moon indicates rain, or sure that olive oil, being "oil," cannot possibly be palatable as food.

Since all inductions are liable to imperfections, the scientific man submits them to tests before he accepts them as truths. In certain fields, especially chemistry, physics and bacteriology, inductions are tested in the laboratory. In other sciences, such as economics and sociology, laboratory tests are impossible. Students of these sciences can test their conclusions only by repeated observations of events in the actual world, but here satisfactory tests are difficult because the same event never occurs twice under exactly the same conditions.

The scientific man, seeking an explanation of a phenomenon frequently recurring in nature, constructs what is called an hypothesis, which is merely a guess at the truth. He assumes that the phenomenon is the

result of certain conditions, and that when these conditions exist this phenomenon will inevitably follow; then he proceeds to make observations to confirm his hypothesis if possible. If he finds that his guess is correct so far as all his observations go and that the phenomenon never occurs excepting under the conditions which he has "guessed" to be necessary, he will conclude that he has reached the truth. Then his hypothesis will have risen to the dignity of a theory or law of nature.

18. *Theory.*—The theory of evolution by natural selection was at first only a scientific guess on Darwin's part. It occurred to him as a reasonable hypothesis when he read a book by Thomas Malthus on the "Theory of Population," in which Malthus showed that the tendency of population was to increase faster than the food supply, so that the weakest perished and the strongest survived. Darwin made observations of animal life with infinite patience, and it is generally believed that the truth of his hypothesis has been proved. It is now called the "theory of evolution."

For many years men observed such phenomena as the falling apple, but nobody so far as we know, sought for an explanation until in the seventeenth century Newton's curiosity was aroused. This is really not strange, for the human mind is least curious about the phenomena with which it is most familiar. Air and water, the two substances most essential to our life and health, received no scientific attention until within recent years; in fact, scientists still seem to

be in doubt, not as to the nature of air, but as to the evil effects of impure air and the best method for its purification by ventilation.

The theory of gravitation was first an hypothesis or guess in Newton's mind. "If I can assume that bodies of matter," he said to himself, "attract each other mutually in proportion to their size and density and inversely as the squares of their distance, the laws of motion being true, then I should be able to calculate aright the orbit of each planet in the solar system."

Newton first tested the truth of his law by a study of the moon's orbit, but at that time, 1665, the exact distance of the earth from the moon was not known and his calculations were not entirely satisfactory. Before his death, however, the size of the earth and its distance from the moon had been accurately determined and Newton had the satisfaction of knowing that his law of gravitation had been verified. In 1845, a young French astronomer named Leverrier, puzzling over the erratic behavior of the planet Uranus, came to the conclusion that it must be under the influence of an undiscovered planet located in a certain part of the heavens. He had no telescope powerful enough to bring this unknown planet into the field of vision, but he wrote to an astronomer in Berlin and told him in what direction to turn his powerful telescope. The German astronomer followed directions and within half an hour found the new planet almost exactly where Leverrier had indicated. It was the planet we now know as Neptune. It was discovered

as the result of deductive or *a priori* reasoning based on an induction, namely, Newton's law of gravitation.

19. *Three steps in thinking.*—Note that in scientific thinking there are three important steps: First, the collection of facts or phenomena thru observation or experience; second, the tentative explanation of those phenomena by an hypothesis or scientific guess; third, the confirmation of this hypothesis by patient observation of the phenomena as they occur in nature. Note also that the hypothesis, if finally confirmed and generally accepted, is known as a theory or law, a natural law being merely a statement of the order in which phenomena inevitably follow one another. The laws of a science are often called its fundamental principles. For example, the laws of motion and the law of gravitation are fundamental principles of physics. Without a comprehension of them no man can explain the simplest phenomenon of the physical world.

The foregoing discussion of reasoning processes may seem irrelevant, unnecessary and wearisome to some of my readers. But it was necessary.

The phenomena of business are determined by laws or fundamental principles, and it is important that every subscriber of the Alexander Hamilton Institute should understand how these laws are discovered and applied.

20. *Prejudice.*—The hero of "Pilgrim's Progress," that wonderful allegory written by John Bunyan while in prison, was beset by numerous enemies who drew near to him in the guise of friends, but he re-

buffed them all and finally reached his journey's end. Some of the worst enemies of the man who is seeking for the truth will appeal to him as old friends in whom he has had great confidence.

One of the worst of these enemies is Prejudice, which is a cherished belief based on reiterated hearsay or tradition. Voltaire called it "the reason of fools." Boys are taught to believe what they are told by their elders, especially their teachers and parents. The average American boy grows up with many beliefs firmly rooted in his mind. He is sure that the United States is the greatest country in the world; that its soldiers are the bravest, its railroad trains the fastest, and its boys the cleverest. Nobody could possibly cook better than his mother. The church his father and mother belong to is certainly the best one. How strange that people should belong to any other!

The boy sheds many of his prejudices when he becomes a man, but he accumulates others when he goes into business. His first employer may exaggerate the value of shrewdness and the boy get a prejudice against candor and square dealing. As he continues in business he will get crude ideas about the money question, banking, the cause of high prices, railroad rates, or about the tyranny of capital over labor.

Very few men do any real thinking, yet all of them entertain very positive convictions on many subjects, and those who know the least are usually the most positive.

No man likes to part with an old and long cherished

belief. It is as dear to him as an old friend. When he reads a book that demolishes one of his pet beliefs, he is in a hostile mood at once and is likely to throw the book down in disgust, denouncing the author as a mere theorist who does not know what he is writing about.

Our subscriber must guard against prejudice. He must resolve at the outset to drop any of his preconceived opinions or prejudices if an author shows that they are not based on facts correctly interpreted. In other words, he must pursue the Modern Business Course with an open mind, eager to be rid of ignorance and to know the truth. On the other hand, he must not accept as true whatever an author says unless he is convinced. If an author's statement does not seem reasonable, let him question-mark it and make it a problem for his own mind to work out. If he returns to the problem from time to time, he will either discover the fallacy or error in the author's reasoning or will conclude after all that the author is right. Unhappily, if the doubted statement runs counter to a cherished prejudice, the subscriber will be sorely tempted to condemn offhand the author's judgment and then give no more thought to it. That is why prejudice is an enemy against whom all of us must be on our guard.

21. *The mere theorist.*—There is a very common prejudice in business circles against the word "theory." If a college professor after long study of transportation or banking reaches a conclusion which is at vari-

ance with the ideas of men in business, his opinion at first receives little attention and less respect. You will hear men say, "He is all right as a professor, but he is too theoretical; he does not really know what he is talking about." Or it will be something like this: "He is only a theorist; a man can't understand this business unless he is really in it; I want the ideas of a practical man." The subscriber must rid himself of any prejudice against the word "theory." All our worth-while knowledge of the outer world is based upon theory. The law of gravitation is a theory. No man ever saw it actually in operation. When a man falls from a height, according to Newton's law, the earth is drawn toward him, as well as he toward the earth. But no man in falling is conscious of the earth's rising toward him—unless he is drunk. Our railroads, steamships, bridges and factories with all their machinery have been constructed in harmony with theories that have been carefully thought out and tested. If man theorized no more and began to forget what theory has already taught him, in a few generations the human race would again be in a state of barbarism.

As a matter of fact, the very worst theories in the world are found in the ranks of uneducated, "practical" men. Some of the most theoretical and absurd plans for the betterment of the banking system of the United States have come from practical men, some of whom are engaged in the business of banking, and they all insist that they as "practical" men are much

better qualified to devise a good banking system than any mere theorist. That they themselves are rank theorists, building structures without foundations and in violation of fundamental principles, is a fact the truth of which they would not for a moment consider. I have talked with many such men on the money question and on banking and have always found them not only unable to think clearly, but also ignorant of the A B C principles of the science of which they claim to be masters because of their practical experience. By A B C principles I mean those laws or statements of truth which the impartial and unprejudiced mind immediately accepts as true when they are clearly stated.

The theorist to be shunned is the man who constructs his theory without carefully sifting his facts and confirming his conclusions. The colored parson in Virginia who refused to believe that the earth moves around the sun was a practical theorist. He rose early in the morning and had many times seen the sun swing around the earth. He had positive evidence that the mere theorists were all wrong. He was a practical theorist and knew better.

22. *Does study pay?*—The business man who reads, studies and trains his mind merely because he hopes thereby to increase his ability to make money, is not impelled by the highest motive and will not get the best results. The ambition to make money is honorable. Fundamentally, it is the motive which rouses men to activity in the professions as well as in busi-

ness. Yet the lawyer who studies and plans only that he may earn large fees will never be a great lawyer; lacking noble aspirations, he will lack breadth of training. In fact, any man, whether in the professions or in business, who always thinks of compensation in terms of dollars, must be cheap and sordid and incapable of the finest achievements.

The business man who studies will get a double reward. First, his money-making ability will be increased, for he will have a better understanding of business conditions, will see more clearly the possibilities of his own business, and will be better prepared to take advantage of opportunity. Second, he will be a bigger, broader, wiser man and so get more satisfaction out of business and out of life. As he begins to understand things that are now mysterious and puzzling, and sees more and more clearly into the intricacies of relationship existing among business phenomena, his own business, which once was work and drudgery, will begin to possess for him the fascination of a game, and its charm will be due, not only to the number of dollars added to the surplus account of his balance sheet, but also to the consciousness of power which its successful conduct gives him. It certainly does pay to study.

23. *Culture.*—In the foregoing section I have made no mention of the highest reward of study, the prize which scholars most highly value and which makes men of talent devote themselves happily to science and to teaching. I did not mention it above because the

men who study and earn this reward do not think of it as "pay" and do not work in order that they may get it. They devote their lives to scientific study and investigation because they love it. Their unsought compensation is culture.

Culture is a word difficult to define for a man not possessing it. In the same way one would have difficulty in making a cad or a boor understand the word "gentleman" if neither had ever seen a gentleman. Culture is a by-product of reading, of study and of fine associations. The better the books a man has read and understood and enjoyed, the finer the works of art he has seen and appreciated, the profounder his enjoyment of the beauty of nature and of the charm of music, the greater his knowledge of the fundamentals of the sciences—the larger his store of culture. Culture is not a veneer that can be bought at a shop or at a university. It implies the harmonious development of the whole man, a glad, sympathetic knowledge of the fine, noble and beautiful achievements of the human race as recorded in the best of literature.

No man can pursue the Modern Business Course and Service faithfully and intelligently without gaining in that breadth of vision and knowledge which is part of culture. It is to be hoped that a subscriber who thus far has taken no interest in science or in any intellectual pursuit, if there are any such, will become a new man intellectually. Under the direction of the Institute he will study the science of business and will get some knowledge of certain related sciences, such

as ethics, psychology and sociology. His studies should have a cultural effect. He will be getting, in some measure, the kind of education which Milton thus described in his "Tractate on Education":

> I shall detain you no longer in the demonstration of what we should not do, but strait conduct ye to a hill side, where I will point ye out the right path of a vertuous and noble Education; laborious indeed at the first ascent, but else so smooth, so green, so full of goodly prospect, and melodious sounds on every side, that the harp of Orpheus was not more charming. . . . I call therefore a compleat and generous Education that which fits a man to perform justly, skilfully and magnanimously all the offices both private and publick of Peace and War.

And there should be awakened in the subscriber a desire for knowledge and a taste for study which will send him with enthusiasm into other fields of science and literature.

24. *Purpose of education.*—Not so very many years ago the common notion was that the aim of education was the advancement of learning, but it is now beginning to be seen that mere learning cannot justify the social and financial cost of our schools and colleges. Many a learned man has not been of the slightest use in this world.

Some educators hold that the highest function of the college is to train character and so make its students real men. Now character is the finest thing on earth. It is a far more beautiful thing than culture. By character we mean the will to endure, the will to do that which is disagreeable if we ought to do it, and

the will not to do that which is agreeable if we ought not to do it. This great thing, character, can be earned only by hard work, by endurance, by self-denial. It is not a product of lectures or of sermons.

But the primary and important aim of education is not character building, nor learning, nor culture, but the development of the power to understand and of the knowledge that understanding must precede wise action. The country is full of social quack doctors with nostrums for all imaginable social diseases and evils. Their active, insistent, cocksure ignorance is the third rail against which society needs protection, and it is to the trained, the educated business man, humbly aware how little he knows, but keenly alive to the fact that a problem must be understood before it can be solved, that society must look for deliverance from peril.

Speaking of the fallacious idea that there is not enough work to go around and that laboring men should therefore restrict production, Mr. Frank A. Vanderlip said recently before the American Bankers' Association:

> However natural it may be to feel impatient with the man who honestly holds such views, impatience is useless. As long as he holds these views, he will act upon them as you or I act upon our views. His opinion is a fact to be dealt with. It is as real as a mountain where you want to build a roadway. In the case of the mountain, we do not get impatient, but we endeavor to survey it and find a way over or thru it. Fortunately, erroneous opinions, however stubbornly held, are more like an ice-bank than a mountain. They will eventually melt away and disappear before the truth—if not in

one generation, in another. Understanding of economic laws seems to me almost the greatest need of our day. No body of men will act contrary to their own interests when they know what their interests are. The spread of a sound comprehension of economic laws seems to me, therefore, one of the greatest duties that go with the responsibilities of bankers.

25. *Business and life.*—The aim of the Institute is service. That, indeed, is the aim of all legitimate business. The founders of the Institute would be disappointed if its subscribers were content merely to increase their money-getting abilities. Business, money, profits, are not ends in themselves, but are the means by which men live. Man is on the earth to live, not merely to make a living. The subscriber who devotes all the days and years of his life to business and becomes so engrossed in it or so eager for larger gains that he has no time for the joys and duties of life and no will for the responsibilities of citizenship and parenthood, may die worth many million dollars and be rated a business success, but as a man he will be a failure.

A man who devotes most of his time to a single kind of activity or interest does not really live. His unused faculties actually die or atrophy. This is true of the farmer who toils from sunrise to sundown until old age brings him to the grave. It is equally true of the musician or artist who knows but one source of pleasure, and it is certainly true of the man who gives all his life and energy to business in order that he may amass a fortune. A violinist cannot get music

out of his instrument if he keeps his bow forever on one string. Man is an instrument of myriad strings. If he would really live he must play on them all.

Business has given to modern civilization conveniences and luxuries unknown to the Greeks and Romans. It has made living easier and more comfortable. But business men as a class have not in the past always so ordered their own lives as to win the unqualified respect and confidence of other classes of society. The word "commercial" in popular opinion is now losing its taint, but it will not have an unquestioned place in the ethical "blue book" until business men have proved by their lives, as well as by their donations, their unselfish interest in social welfare, in religion, in education, in the improvement of labor conditions, in the abolition of poverty, and in the stability of law and government with equal rights and impartial justice for all.

The army of Alexander Hamilton Institute subscribers is growing rapidly; they are in almost every town and city in the United States and in Canada, and in many foreign countries, including Japan, China and South America. The mission of the Institute is world-wide. It will have rendered its highest service if these men prove by their lives that they have not only learned from the Alexander Hamilton Institute the scientific principles of business, but have also got from it aspirations toward all-around manhood and citizenship.

BUSINESS AND THE MAN

CHAPTER I

NATURE AND AIM OF BUSINESS

1. *Definition of business.*—In everyday speech the word "business" does not possess a clear-cut meaning. It is applied rather vaguely to trading and manufacturing occupations as distinguished from the arts and professions.

It is the aim of the Modern Business Texts to explain the laws or principles which determine and control the events of the business world. For the purpose of our study business may be defined as follows:

Any occupation in which men, at the risk of loss, seek to make money by producing commodities for sale, or by buying and selling commodities, or by hiring the services of others for utilization at a profit.

Or more briefly:

Business is any gainful occupation of which profit is the goal and in which there is risk of loss.

This definition, it will be noted, excludes many so-called gainful occupations. The farmer, for example, would be said to be in business only in so far as he hires labor and markets his products. As he enlarges his operations and hires more men to work for him,

79589

he becomes more and more a business man because he is more and more concerned in such problems of business as are involved in accounting, management, salesmanship and credits. But in the beginning his business interests are negligible.

Evidently a country storekeeper is in business, for he buys goods in the hope of selling them at a profit and takes the risk of not being able to do so. A young clerk in his employ on a salary takes no business risk and is not thinking about profits; hence, strictly speaking, he is not a business man. But he is part of a business machine and is learning how to do business, and so is commonly thought of as being in business.

The owner of a factory who buys raw materials and hires labor is taking risks and is in business. Some of his employes are artisans or workers with tools and machines; they are learning nothing about business and are not thought of as being in business. Other employes may be connected with the purchase or sales department, and may have to assume distinctly business responsibilities so we think of them as being in business. The bookkeeper who keeps the records of the purchases and sales, the output, the costs, etc., stands on the border line between business and manual labor. As mere bookkeeper he is little more than a machine, but as a potential accountant, able to improve his employer's system of bookkeeping and to warn him against the danger of increasing costs, he steps into the ranks of business men.

In general, the great mass of laborers in manufac-

turing establishments and on our railroads, whose work is mainly with their hands, are not thought of as business men altho they are connected with business enterprises. They have no part in the solution of problems involving risk and profit and are not being trained for such effort. They have "jobs" in business concerns, but they assume no business responsibilities. On the other hand, every business enterprise employs men upon whom the employer unloads some of his responsibilities. Such men, whether they be bookkeepers, cashiers, salesmen or department managers, are in direct contact with business problems and are regarded as business men even tho their own money is not at risk.

2. *Profit and risk essential elements.*—It is not important to decide whether this or that man is in business or not, but it is important to understand that the word business necessarily implies a balance sheet upon which the two most important words are profit and loss. If profit is not the goal, then the enterprise is not a business one.

By the profit of a business enterprise is meant the surplus left over after all the costs or expenses have been paid. A small storekeeper doing a cash business must sell his goods at such prices and in such volume as will enable him to pay the wages of his employes, a fair wage to himself, rent to his landlord, interest on capital invested, and all other expenses. If, at the end of a year, his inventory shows that his stock of goods has not shrunk in value, and his outstanding

debts are no greater, the increase or decrease of his bank balance during the year will disclose his profit or loss.[1]

Profits are the goal of business. If the socialists had their way and legislated capital and profits out of existence, what we now know as modern business would completely disappear. In Chapter II we shall make a closer study of profits and endeavor to show how profit is earned and the obstacles that must be overcome. Later on it will be shown that the struggle for profit which we call business has been a tremendous force in the development of human capacity and for the advancement of civilization.

3. *Importance of money and price.*—At the present time almost all goods are made to be sold. Specialization and the subdivision of labor have been carried so far that few men produce the things which they themselves consume. Old people recall the days when farmers had little need for cash, for they bought little at the stores. Their own farms produced most of their food and the material for some of their clothing. Today the average farmer in the United States devotes his energies to the raising of a few crops. He sells these for money and buys his food and clothes very much as does the city dweller.

So it happens that money and prices have become very important matters. What men really want are goods or commodities, things which possess what we

[1] Profits are more technically discussed from the accounting standpoint in other volumes of the Modern Business Texts.

call value. To get these is the ultimate object of work, but under modern conditions the immediate reward of work is money, for with money the things wanted can be purchased. By the price of a thing is meant the amount of money it sells for. Evidently the subject of money and its purchasing power is of great importance to all people.

Since business men must figure their profits in money and cannot make a profit unless they sell at a price higher than they bought, it is evident that the forces which control the purchasing power of money must not be ignored by the wide-awake business man. That is the reason why the subjects of money and prices and credit are fully treated in the Modern Business Texts.

4. *Business must satisfy human wants.*—Altho the business man is seeking to make a profit for himself, he must nevertheless think more of others than of himself. He can earn his profit only thru his ability to please others. If he is a trader he must buy and sell things that people want. He is not a dictator and cannot make people buy his goods merely because he himself thinks they are better than the goods people call for. So the business man must study human wants and caprices. He may not approve of their tastes or of their judgment, but if he wishes to make a profit, he must be ruled by them. He may be a manufacturer of shoes and know very well that high heels make walking painful, but he will not let what he knows about physiology and anatomy shape the

model of any woman's shoe—unless possibly his wife's.

P. D. Armour once said that he chose to deal in pork because it was an article of food that nearly everybody wanted in some form or other. A business dealing in a commodity that is in universal demand, such as wheat, flour, or cotton cloth, is capable of tremendous development. The profit on each ham or each barrel of flour or each gallon of oil may be small, yet the gross profits may run into the millions because of the large sales.

5. *New wants constantly appearing.*—As everybody knows, the last twenty-five years of the nineteenth century were characterized by a remarkable development of machine production. Invention after invention lowered costs of production and made possible a great increase in the output of commodities. One man with the aid of modern machinery is able to produce one hundredfold more than his grandfather could have produced fifty or sixty years ago.

While this industrial progress was taking place, especially between 1880 and 1896, the general level of prices was falling, and as goods became cheaper one often heard the prediction that the time was fast approaching when all the goods that man needed could be produced by two or three hours of labor a day. The increasing efficiency of the machine seemed destined to reduce the demand for hired labor to a minimum, and in consequence dire prophecies, especially among persons of socialistic or radical tendencies, were heard with regard to the future of the laboring classes.

The radicals held that the machine, called capital by the economists, was bound to absorb an increasing proportion of the world's wealth and that less and less would be left for the poor working man.

Happily this gloomy prophecy has not come true. It was based upon a fallacy, namely, the assumption that man has a definite number of wants and that when these are satisfied he is content. As a matter of fact, man is a bundle of an infinite number of potential wants. This is one of the important characteristics which distinguish man from all other animals. A certain amount of food and drink, a little play and a chance to run and climb a tree, and now and then to "lay" for a mouse or a chipmunk, will bring complete content to the most high-bred tabby in any cat show. The wants of all the lower animals are fixed in number, and when these are gratified the animal is ready for rest and sleep.

But man is insatiable. As his power over nature grows or as his wealth increases, his wants multiply.[1] When poor and half-nourished his idea of heaven is a place where there is an abundance of roast beef and vegetables. A poor and ignorant Yankee farmer was once asked what he was working for. "Salt pork and sundown," was his illuminating reply. He wanted the day to end that he might get something to eat and go to bed. If that farmer should inherit a fortune and go to New York City to live, it needs no

[1] Man is the whole encyclopedia of facts, the creation of a thousand forests in an acorn; Egypt, Greece, Rome, Gaul, Britain, America lie folded already in the first man.—Ralph Waldo Emerson.

prophet to foretell what would happen to his taste for salt pork or that sundown might become a signal for something else than going to bed.

6. *The overproduction bogey.*—Fortunately for the business man as well as for the man who wishes to sell his services, there is not the slightest possibility that the world will ever be overstocked with the things that men desire.[1] General overproduction is impossible. The word overproduction has no significance in business except when it is applied to a single commodity. The automobile, for example, is making imminent the overproduction of horses, wagons and harnesses. The increasing use of gas and electricity might easily lead to a glut in the lamp market. Some people prefer rice to potatoes, both having substantially the same value as food; if this taste for rice should spread rapidly thruout the country, then there might be for a time overproduction of potatoes.

Since the business man is striving to make a profit, he must constantly be on his guard, whether he be manufacturer or trader, against overproduction or overstocking in special lines, and seek to anticipate the changes of demand to which the market is susceptible. He need have no fear that any increase in the production of goods will so satiate the human

[1] Schopenhauer, the German philosopher, rests his theory of pessimism on the capacity of human wants to multiply. He held that misery was the ultimate and inevitable lot of the human race. A man is unhappy in the presence of an ungratified want. Happiness is possible only when the want is gratified, but the moment the want is gratified two other clamorous wants take its place, so that the poor man is really more miserable than when he thought he was about to be happy.

race that there will be no desire for his services. As production increases, wealth will increase, and the demand for goods will be not only greater but more varied.

7. *Importance of salesmanship and advertising.*— The reader has gathered from the two preceding sections not only how necessary it is for the business man to study the wants of his customers, but also how important it is that he be able to give them just what they want. To sell a man anything you must first know what he wants and then be able to convince him that you can supply it at a reasonable price. In the old days of so-called community production and marketing, when there were no railways nor steamships, both production and trading were usually on a small scale and the business man knew most of his customers personally. Now, however, production and marketing are world affairs. A manufacturer in a Massachusetts village may sell in all the continents of the globe. Thus it happens that marketing has become one of the most important of business problems. No man can succeed in business if he ignores its difficulties and its perils.

Advertising and salesmanship, which are vital parts of the marketing process, have special importance in any business which deals in something new. The salesman and the advertisement must rouse in people a desire for that new thing. The manufacturer cannot afford to wait for the slow development of his industry that will ensue if he lets the ad-

vantages of his product be discovered gradually as a result of its use among a small number of customers. Hence he makes it known in every possible way, and for that purpose spends money in a fashion which his grandfather fifty years ago would have regarded as astounding extravagance. Salesmanship and advertising are in great part responsible for the spectacular development of the automobile industry.

8. *Three great classes of business.*—For our present purpose it seems proper to divide business into the following three classes:

First—The production and sale of goods. This kind of business is commonly known as industry, and embraces all kinds of manufacturing and the so-called extractive industries, mining, agriculture and lumbering. While some farmers would hardly be classed as business men because of the small scale upon which they produce, agriculture as a whole is properly regarded as an industry.

Second—The purchase and sale of commodities. By commodity is meant anything which has value and is therefore salable. This kind of business embraces those which are usually grouped under trade and merchandising.

Third—The purchase and sale of services, whether the services of human beings or the uses of material things. This class embraces many different kinds of human activity. The banker may be regarded as a dealer in that valuable but intangible thing called credit, or we may without splitting hairs say that the

charge he makes when he discounts a promissory note is for the service the bank renders. A theatrical manager who hires the services of players is a business man, but the players are not. The railroad, steamship, telegraph and telephone companies sell services. The city landlord sells to his tenant the right to use an apartment; strictly speaking, he is selling a service.

This use of the word service may seem technical to the reader, but it is not difficult to understand. A man renders you a service whenever he aids you in getting what you want. Any man who makes a "business" of rendering services to others and is looking for a profit and taking a risk, is in business.

9. *The professions.*—There are many gainful occupations that are not classed as business for the reason that profit making is not their primary aim. The most important of these are the professions and the arts. The three best known professions are law, medicine and theology, often referred to as the learned professions. In recent years, other callings have acquired equal claim to rank as professions, for example, engineering and architecture.

A professional man finds his reward not merely in the money he earns, which comes to him usually in fees and retainers, but in his love of the work, in its dignity and importance, in his personal independence, in the distinction he achieves because of his skill and intelligence, and in the respect he commands from his colleagues of the same profession.

The prerequisite to success in a profession is in-

tellectual power. If success in any calling depends more upon manual skill than upon brains, it is a trade, not a profession. For example, a dentist who is merely able to extract teeth and to fill decayed cavities is little more than a mechanic. To be entitled to professional rank he must know as much as a physician about the various diseases that attack the teeth and the gums, and must be able to treat them in a scientific manner. To impart this knowledge as well as to give opportunity to attain mechanical skill, is the aim of all our best dental schools. Hence dentistry may claim to rank among the professions.

The professions differ from business occupations in that they have definite codes of ethics which prescribe and limit the conduct of practitioners in the various contingencies likely to arise. As is well known, it is unethical for a professional man to advertise, for the only thing he can advertise is his own ability. It is all right for the merchant to extol the virtues and qualities of his goods, or for a druggist to claim that he handles only pure drugs, but evidently it would be bad taste for a doctor to boast of his wonderful cures or for a lawyer to brag about his success in the courts. So the young man entering a profession evidently has a hard time of it in the beginning. He may send out cards announcing that he has opened an office, he can join clubs and societies and make all the friends possible, but he must beware of any conduct that seems to have an advertising aim. Otherwise, if he is a lawyer, he may be spoken of contemptu-

ously as an "ambulance chaser," or if he be a young physician, he will be looked upon with suspicion, will possibly be called a "quack," and will be given no "boost" by the older members of his profession.

Members of some of the professions, however, are wise if they make a study of business problems. Many of our most successful lawyers, for example, are constantly occupied with cases which cannot be thoroly understood by one who is ignorant of business principles and customs. The engineer or the architect who knows nothing of corporation finance or business law or of cost finding will never rise to the highest rank in his profession.

10. *Artists.*—In all these respects artists are very much like the professional men. A sculptor, a painter or a poet cannot brag about his work. The prerequisite of success in art is taste, and it would certainly be evidence of very bad taste for an artist to proclaim his superiority to the world.

The artist, however, is not altogether debarred from the advantages of publicity. Publishers proclaim the worth of the poet, and dealers advertise an exhibit of the creations of the sculptor and the painter, while theatrical managers are frequently most gorgeous and lurid in their claims for the brilliancy of the stars behind their footlights. Publishers, art dealers and theatrical managers are in business. It is proper for them to advertise. But the artists themselves, if they are to be thought real artists, must not seem to be courting publicity. Possibly this view may come as

a shock to some so-called artists, yet it is perfectly true. But then artists will have no occasion to read this book.

11. *Is business a profession?*—If we analyze the so-called learned professions, we find them distinguished by these two characteristics: first, in their practice brains are far more important than technique or manual skill; second, education in certain sciences is essential to success. No calling deserves to be called a profession if its tasks and problems are so simple as to be within the grasp of any man of ordinary ability and education. The problems of a profession can be correctly solved only by a man who has had thoro training in science. The physician, for example, apart from his knowledge of *materia medica,* must be well grounded in anatomy, physiology, chemistry and bacteriology. Psychology should be added to this list, altho our medical schools do not appear to be alive to the importance of this science. The well trained lawyer should be disciplined in the sciences of pure logic and of jurisprudence, in ethics, in the evolution of law and in the theories that explain and justify legal doctrines. When the physician or lawyer is not thus trained, the young lawyer merely knowing the statutes and procedure of his jurisdiction, and the young physician knowing only drugs and symptoms, both are empiricists and do not deserve to be called professional men. They resemble the carpenter who works by rule-of-thumb.

Certain business callings in recent years have risen

into the professional ranks. Before the year 1900 few public accountants would have claimed that their occupation was professional in character. The accountant was then often referred to as a "bookkeeper out of a job." But the really expert accountants of the last century knew very well that their difficult tasks could not be performed by the ordinary bookkeeper. They realized that the accountant could not do his best work unless he knew a great deal about the business man's problems. It has been largely because of the accountants' belief in the high character of their work that university schools of commerce have recently been established in all parts of the country, in which men are trained in all the sciences underlying business as well as in the theory and practice of accounting. For the same reason many states have passed laws providing that no man shall style himself a "certified public accountant" until he has successfully passed examinations conducted by the state authorities. In view of these conditions the accountant may fairly claim that his calling is one of professional rank.

Other business occupations, notably advertising and the work of the credit man, are rapidly moving in the same upward direction. Entrance into these callings is not yet guarded by statute, but many of the leaders already realize the need for preparatory training, and some of our university schools of commerce are doing their best to supply it.

The American banker is also beginning to discover

his need for men who have had scientific training, for the problems of banking are becoming more and more intricate and difficult. The time seems to be approaching when bank presidents and managers cannot be picked haphazard from lists of men who have had successful experience in trade or manufacturing. Not many years ago a prosperous farmer was often elected to a bank presidency. But a banker is becoming more and more a specialist, and competition will surely compel him to obtain mastery of the sciences underlying the phenomena of economics, credit, money and international, as well as national, finance. And then we may fairly claim to have professional bankers.

Some of our banks are showing preference for university graduates and are conducting courses of instruction for their employes which are scientific as well as practical, but these banks are exceptions. Not until it is generally realized that office experience cannot take the place of scientific training can banking justly be called a profession.

The business of transportation is one of increasing importance and difficulty. Many of our railroad managers have worked up from the bottom merely by the knowledge they have gained in the service. In the future this working up will doubtless be more difficult unless the ambitious employe does a lot of hard studying and thinking in his leisure hours. The successful management of a great railroad, while demanding great executive ability, also calls for a profound knowledge of economic and industrial condi-

tions. Some day it should rank among the professions.

12. *What constitutes success in business?*—Since profit is admittedly the aim of business, it would logically follow that a business man's success can be measured only by the amount of money he makes. As a general statement this is perfectly true, yet erroneous inferences and applications are quite possible.

The manager of a New York City bank may raise the net earnings of his bank by one million dollars a year and yet not really be so successful as a small country banker who increases his bank's revenue by only ten thousand dollars a year. In the same way the business of a city merchant may annually expand by a million dollars and yet he may be properly regarded as less successful than a small country merchant the volume of whose business is increasing at the rate of only ten thousand dollars a year. The city banker and merchant have practically unlimited opportunities of expansion, while the country banker and merchant are hemmed in by a narrow environment. Each of the latter may have done all that could possibly be done to increase his business, keep down costs and increase net revenues.

Suppose that two brothers go into business, one going to the city, the other preferring to remain in the home town. The one in the city has a fortune of a million dollars at the end of twenty years, while the country brother has accumulated only fifty thousand dollars. It would be unfair to conclude that one was

twenty times more successful than the other. We must not forget that while money profit is the aim of business, yet men are influenced by many other motives when they choose a business or its location. Money is the tangible reward of successful business, but money is not everything that is worth while in life. Doubtless thousands of merchants potentially as capable as the brilliant Marshall Field or A. T. Stewart, are conducting successful businesses in the small towns and cities of the United States. To many of these the larger pecuniary rewards of successful enterprise in great cities possess no charm or temptation.

To judge wisely therefore of a man's success in business, we must know: First, has he accomplished what he himself set out to do? Second, has the volume of his business been as large as was warranted by its location? And, third, has its management been so sound that profits have been as large as could reasonably be expected?

13. *Dignity and importance of business.*—To people who are not well read in history and fiction it might seem strange that an author should think it necessary to prove that business is an important and worthy occupation. To them it will seem perfectly obvious that business is both important and most worthy, yet only a generation ago if a boy chose to be a lawyer or a doctor or a preacher his parents took pride in the fact, and viewed with more or less unconscious pity those friends whose sons had gone into

business. In Europe fifty years ago business was thought something altogether too vulgar to engage the attention of the nobility, and two thousand years ago, when business was comparatively simple, especially among the Greeks and Romans, business matters were attended to either by slaves or by a class of citizens much despised. To devote one's life merely to the making of money was deemed ignoble and unworthy. How much finer to be an orator, a warrior, a poet, a painter or a sculptor!

It would be a waste of time to make comparisons and try to determine whether one calling is finer or nobler than another. Men are born into the world with different capacities, and it should be the duty and ambition of each to do that work which he can do best, and to put all his soul into it, whether he write poetry, paint pictures, play the violin, or buy and sell groceries. Then each will deserve respect and honor. This truth is now clearly recognized in Great Britain, many of whose great business men have been knighted, while in the United States our leading universities do honor to themselves by conferring honorary degrees upon men of distinguished service in trade or industry.

When we consider the fact that the rendering of services to humanity is an essential element of business and that no business man can long be successful if he fail to render service, we must admit that a great business man deserves honor and respect just as does a great lawyer or physician. The adjective "commercial" cannot be justly used to imply reproach or

contempt. To be sure, business may be done in dishonorable fashion. There may be lying, cheating, misrepresentation. But these evils are also found in the professions. In the long run, both in the professions and in business, they work against great success. Business as a calling cannot be impaled because some grocers use loaded scales or because now and then a banker embezzles the funds of his trusting depositors.

Criticism of business is usually directed most violently against the trading classes. It is assumed that the merchant is a parasite producing nothing and living off the necessities of the community. That this assumption is a fallacy is clearly shown in the Modern Business Text on "Economics of Business."

Modern methods of distributing commodities are the product of competitive forces and are doubtless imperfect in many respects, yet the merchant who is doing his best to satisfy the wants of his customers and is doing it honestly, is performing a real service for society and, as a rule, is not overpaid for it.

Business has made our civilization possible. If we should return to methods of trading in vogue a thousand or more years ago, even tho the industrial world retained all of its machinery and processes, our national wealth would disappear in a few years. The farmers' great markets would vanish and production would come to a standstill. The debt society owes to business is so obvious and so great that there should be no excuse for an author to devote a page to a discussion of this sort. But there is an excuse. It is

the ignorant and often vicious hostility to business frequently manifested, and the untrue assumption that our wealth is wholly the creation of farmers and factory hand-workers.

14. *Business as a job.*—Many employes of business concerns think and speak of their positions as "jobs." To them the job means more or less disagreeable work for eight or ten hours a day. Their compensation may be on a weekly basis, in which case it is called wages, or it may have an annual rating and be called a salary.

The typical man with a "job" is very much given to thinking that he is overworked and underpaid; he is glad when the day is over, for the job means hard work and no pleasure.

He also has a habit of thinking that mere length of service entitles him to increased pay or to promotion to a better job.

He often is heard to complain about the big salaries that are paid to men who do not do half the work he does. He usually has a special grudge against his immediate superior, the man who directs his work. He is certain that he works harder than that fellow and that his work is not appreciated.

If a few months elapse without any increase in his pay envelop, he complains to his friends that his job has no future in it. You hear him say: "All the places down there are already filled and there is no chance for a live young fellow like me. I want to get into some place where there is a chance to climb up."

The trouble with men of this kind, and unfortunately, they are numerous, is that they do not know what business means. They ignorantly think of themselves as business men, whereas they are mere routine job holders, thinking more about their pay than they do about the possibilities of their job, or of how they can make it helpful to them in places higher up.

There is a sense in which every business "job" is a gold mine. *The man who works for the gold in the job rather than for the money in the pay envelop, is the fellow who gets on.* Then, no matter how humble his job, he is learning the A B C of business.

But our typical "job man" is doomed to be a drudge all his days. Business is much more than a "job."

15. *Business as a fascinating game.*—Not till the reader has finished the twenty-four volumes of the Modern Business Text will he have at hand all the evidence justifying the foregoing sidehead. Yet we may give him a glimpse of the truth.

A game is ordinarily thought of as play, but when you analyze some of the most interesting games, such as baseball, tennis and golf, you will find in all of them what is called work when the element of interest is lacking. Seeking for the element of interest which makes the "work" a pleasure, you will find it in three circumstances: first, the number of difficulties and obstacles in the way of successful play; second, in the joy the human animal takes in triumphing over obstacles, particularly if at the same time he has proved himself the better fellow; third, in the

freakish behavior of the goddess of chance, which accounts for the charm of gambling.

All these interesting game elements are found in business, and your real business man, if he is in good health, gets as much pleasure out of his day's "work" as he ever did out of any game he played as a boy. In fact, some men get so engrossed in their business—which is only another way of saying they get so much satisfaction out of its conduct—that they devote practically all their waking hours to it and cannot be persuaded to give it up even after they have accumulated much more money than they or their families can ever need. Of course, this policy is a mistake. Not only is a man's health likely to break down if he overplays the business game, but he fails also to get the most out of life. He breaks one of the fundamental laws of psychology, that of variety, which is founded on the well-known fact that pleasures pall as a result of frequent repetition. Children unconsciously obey this law and are forever varying their games.

But business is such a fascinating game to the man who is really interested in its principles that many men keep on playing it to the exclusion of all other games, and are with the greatest difficulty persuaded by their relatives to abandon it when old age comes on. Frequently we read in the newspapers about the death of some octogenarian of whom it is said, "He was at his desk only a few days before his death," or "He has not missed a day at his office in forty years." Young men cannot understand such interest and wonder why

the old man with all his wealth still kept on working. They do not realize that to him it was not work. He loved the game and since death had to come, he wanted to die playing.

REVIEW

How would you define business? What classes of workers would you include as business men and what classes would you exclude?

Why is it that money and price movements touch the business man more closely than formerly?

Discuss the view of socialists and radicals that capital absorbs increasing proportions of the world's wealth, and leaves a diminishing proportion to labor.

Why do advertising and salesmanship play such an important part in the marketing of products which cater to the newer business wants?

How would you distinguish between a profession and a business? What business callings have recently become professions and what ones are rapidly moving in this direction?

CHAPTER II

THE PROFIT PROBLEM

1. *Cost and prices.*—The manager of a going business concern must always have in mind two things: first, to keep the costs at the lowest possible point for the goods produced; second, to get for this volume of goods the highest possible price. It is obvious that profits increase as the gulf between costs and the selling price grows wider.

This profit problem would be a comparatively simple one if human wants were fixed and unchanging in their nature, if the seasons year after year were uniform so that the weather in each month could be foretold with certainty, and if the population of the country were stationary. Then we should have what might be called a static society, all the trade and industrial problems of which could be solved for all time. But our twentieth century civilization is just the opposite—it is dynamic rather than static. Business and industry are in a constant state of flux. Change rather than stability is the law of the day. This statement is especially true of the United States, for here the population is increasing rapidly and the tastes and needs of the people are subject to great and sudden variations.

Hence the man who does business under the con-

ditions of modern civilization, if he is to be really successful, must solve difficult problems and overcome obstacles which to many seem insurmountable. In this chapter we will briefly consider some of these problems and difficulties.

2. *Necessity for capital.*—The late Marshall Field of Chicago, who was often spoken of as the "Merchant Prince," was once asked by an acquaintance what particular achievement of his had cost him the most work and worry. "Saving my first thousand dollars" was his prompt reply. Inasmuch as he began his business career as a clerk in a small country store at a salary of possibly fifty dollars a year and "keep," and never had a "pull" with influential relatives or friends, it is not remarkable that the efforts necessary to save that first thousand dollars loomed up at the age of sixty in much greater proportion than all the brilliant achievements which had turned the first thousand dollars into many millions.

Mr. Field realized, even as a boy, the importance of capital in business. Economists usually state that there are three factors essential for the production of wealth—namely, land, labor and capital. Mr. Field had never read a book on political economy and as he did not intend to be a farmer, he did not go out after land. He doubtless knew that both labor and capital were necessary factors. He had command of his own labor and he used it to acquire the needed capital.

It should not be necessary to show that a business cannot be done without capital and that a man can-

not start a business if he has no capital. Yet it is necessary, for most people have only a hazy idea of what capital means. They generally confuse it with money, yet the two things are entirely different. Money is a mere medium of exchange, whereas capital is an instrument of production, or some form of wealth, such as raw cotton, or wheat, which by labor can be converted into something more valuable. The money supply of the United States in 1916 amounted to less than four thousand million dollars, whereas, the capital, which includes all the factories, railroads, raw materials and goods passing thru the channels of trade from producer to consumer, was many times greater. We always value capital in terms of money, and people commonly think of capital as so much money, yet money is only an instrument which men use in the purchase and valuation of capital.

Just as a man cannot chop a tree down without an axe, the axe being capital to the wood-chopper, so a man cannot manufacture any article, even on a small scale, unless he has the necessary tools and raw materials; nor can he start out as a small tradesman unless he has the necessary stock on his shelves. In other words, he must have capital.

3. *Capital got only by saving.*—When you study the saving process, you will understand why that first thousand dollars appeared so large in the memory of Marshall Field. He had had a thousand chances to spend it, but he had turned them all down. He had "saved" it.

People are prone to think of saving as an easy negative virtue requiring no great energy or effort. The man who produces, who makes money, is usually thought of as the dynamic force in business and as deserving the most credit for industrial progress and development. The man who saves is often contemptuously referred to as a "tight-wad." He is not thought of as a doer, but as one who refrains from doing. As a matter of fact, saving is the result of positive qualities and is very hard work. In the United States, indeed, it is much harder to save money than it is to make it. Saving means the firm, the constant, the strenuous exercise of the will to forego certain pleasures or satisfactions today in order that your future may be more golden. You must trample ruthlessly on certain wants now in order that you may gratify them more generously a year or ten years hence.

The saving habit is one most difficult to acquire, and like all habits, it is sometimes carried to extremes, producing the miser. Or it is persisted in illogically, as in the case of the old lady, who remarked that she and her husband had "slaved and slaved and saved and saved all our lives in order that we might have something to live on when we came to die."

At any rate, no man can get into business with his own capital, unless it has been saved by himself or by his ancestors. If he has no capital of his own and cannot borrow the use of a friend's capital, he can-

not go into business on his own account. He must be an employe.

While a vast amount of business is done on borrowed capital, yet in almost all cases the borrowed dollar works side by side with a dollar belonging to the proprietor. Experience has proved that it is not safe to lend money to men who have not proved their ability to save money. A young man once asked a well-to-do friend to back him in an attractive business venture. The older man said, "My boy, when you come to me with a thousand dollars of your own money saved out of your income, I will match it."

The first difficulty in the business man's path, the necessity for capital and for saving, is usually much underestimated by young men. Listen to the great railroad builder, James J. Hill:

> If you want to know whether you are destined to be a success or a failure in life, you can easily find out. The test is simple, and it is infallible. Are you able to save money? If not, drop out. You will lose. You may think not, but you will lose as sure as you live. The seed of success is not in you.

4. *Nature of competition.*—If we analyze any business, whether a small cigar shop, a large department store or an automobile factory, we find in each case that the making of profit would be a very simple matter but for the behavior of certain other people. Across the street from our cigar store another man fits up a cigar shop more attractive than

ours. He even undersells us on some popular brands and draws away some of our best customers. The automobile manufacturer discovers that other manufacturers are offering on the market an automobile apparently as good as his at a lower price. The owner of the department store sees his profits begin to decline because many of his customers are learning to patronize mail-order houses and are getting goods by parcel post, or perhaps because his large profits of the preceding years have convinced another man that the town is big enough for two department stores.

In the foregoing paragraph we have concrete instances of what is known as competition, a word derived from the Latin and meaning etymologically a "seeking together." Whenever there are two or more men trying to sell the same article in the same market, there we have competition. If there is only one producer and one salesman, we have monopoly, a word coming from the Greek and meaning "to sell alone." It needs no argument to show that a man who is going to succeed in the face of competition must be very wide-awake, for he cannot get trade or hold it long unless he is the best in his line. If the competitor across the street is a closer buyer, a harder worker, a better advertiser or a better salesman our friend will lose his customers and his chance of profit.

The law of competition is the survival of the fittest. It seems a brutal law to some people, and it is often held responsible for much deceit and misrepresentation. For example, some critics hold that competition

inevitably leads to food adulteration, shoddy clothing, unsafe tenement and apartment houses. We will not stop to discuss this criticism here. The important point now to note is the fact that competition is inexorable and compels the business man to do his best or go down. Competition inevitably brings to the top the strongest men who take up business, the men who know the most about the principles of business and are the most skilful and energetic in their application.

That competition has been called the "life of trade" is not at all remarkable. Every man knows by experience how indifferent to his customers' opinions is the average man who enjoys monopoly. Frequently a tradesman's monopoly is due to his location. He is in a small town the trade of which does not tempt a competitor. He lets his stock run low, is frequently out of articles called for, and has no patience with the whims of his customers. In other words, he runs a poor store. Let a competitor enter the field, and signs of life in the first store will quickly begin to appear.

5. *Unfair competition.*—Not only does our business man have to compete on equal terms with men like himself—we will assume that he is an honest and an honorable man, anxious to make a profit by rendering real service to his customers—but also with men who will not "play fair." The man who takes advantage of his customers' ignorance and palms off on them second quality goods as if they were first quality, is no better than a thief. He takes something for

which he gives no equivalent. Such men never achieve great success in business. They are usually found out. And even tho they reform and cease to cheat and misrepresent, people refuse to believe in them. Nevertheless, our real business man must meet much unscrupulous competition and it will give him a lot of annoyance.

Some of the enemies of competition, notably the socialists, maintain that it tends to drag business down to the lowest level. The honest business man, they hold, cannot do business honestly, for then he will be undersold, or apparently undersold, by the liars and conscienceless. Undoubtedly there is danger here and many weak men have succumbed to temptation, justifying their moral lapse on the ground of necessity. But anybody familiar with business developments during the last two generations, especially in the United States, does not doubt that there has been a steady lifting of business standards. Almost no other fact connected with business has received so much comment in recent years.

Unfair competition is undoubtedly one of the foes which an honest business man must overcome. Fortunately it is not the "life of trade" and it leads to the death of the unfair competitor. It is opposed to economic interest and to moral sentiment and must grow relatively less formidable as buyers become more intelligent.

We will make no attempt here to describe the various tricks and schemes which are considered unfair

competition. Recent court decisions in cases against alleged monopolies have listed certain practices which are considered unfair, but these are treated more properly in Volume 24 of the Modern Business Text. The purpose of this section is to make the reader see that unfair competition is a real peril in the path of the business man who would play the game honestly.

6. *Building an organization.*—Let us suppose that a man has control of sufficient capital for the establishment and conduct of a business large enough to permit the reduction of costs to a minimum. His first important task will be the building of an organization. He must find men upon whom he can rely to do the work he wants done.

Even tho our business man has had abundant experience and is equipped by training as well as by ability for the management of large affairs, his task of finding competent and trustworthy lieutenants will be a difficult one. He will need men who command large salaries, men of his own type, men who know as much as he himself about this or that side of his business. Such men are not out of work. They already have positions and are reluctant to give them up to work under a boss of whose temper and character they do not feel certain. Our business man, since he has had experience, doubtless knows many of the best men connected with his line of business and is able to base his selections of men on first hand knowledge. Even then his task is not easy, and he frequently will be unable to get for some important post the man whom

he has decided upon as being the one best fitted for it.

Having obtained the best men he can find for the most important positions, those requiring what is usually called executive ability, the task of filling the lower ranks must then be undertaken. Here mistakes are less costly, for the workers bear less responsibility, yet it is most important that even the humblest task be performed properly and on time. The negligence of a shipping clerk may cost the business a valuable customer, and a bookkeeper's mistake may lead to misunderstandings and recriminations or to an overdraft at the bank.

The building of an organization for a business is so important that it ought never to be undertaken by a man who himself has not been trained in the business. A man without experience, no matter how much capital he possesses, should beware of making the experiment. To such a man business may seem a very simple and easy matter. Doubtless baseball looks like a very easy game to many of the spectators, and the better the players the easier the game looks. Business is a much more difficult game than any that is played for sport, and the job of getting together a really efficient business organization requires much more knowledge and judgment than does the building of a champion baseball team.

7. *Labor troubles.*—Two great cost factors of business are the salaries and wages paid to employes and the interest on the capital invested. The experienced business man, with the advice and cooperation of his

banker, is able to keep the interest factor fairly well under control. In abnormal times, such as prevailed after the European war broke out in 1914, the rate of interest on capital is subject to unusual fluctuations, but in ordinary times its stability can safely be counted upon.

But the cost of labor is never a stable factor and it is one of the problems which give most worry to our manufacturers. In figuring output and prices for the coming season, a manufacturer must estimate the wage cost per unit. A month or two later, after he has closed many contracts for delivery, his men may strike for higher wages, and his plant may be idle during many weeks of futile negotiations with his men. The so-called industrial discontent, which has been the subject of many books and magazine articles, is an important social question, but from our point of view it is a grave business problem, for it makes business more difficult and increases the uncertainty of profit.

We will not consider here the reasons why the labor question is of more importance than formerly, nor will we describe the various means that have been adopted to prevent strikes and lockouts. Here it is enough to call attention to the fact that the hiring of labor for business purposes involves a positive and always imminent risk.[1] Doubtless the very size of modern business is largely responsible for it, for em-

[1] In the Modern Business Texts on "Plant Management" and "Office Management" the reader will find a description of various plans that have been adopted to produce and preserve harmony and satisfaction among the employes of any industrial concern.

ployes too seldom come into personal contact with their employer. The corporation they are working for seems to them a hard, impersonal, unsympathetic taskmaster.

Whatever measures or plans an employer may adopt to hold his men and to keep them satisfied, no effort should be spared to make the men feel that he personally is really interested in their condition and very glad when one of them has earned a promotion. In the case of a corporation this is the duty of the president or general manager, and it would be well if the men could feel that the executive had the cordial backing of the entire board of directors. If unhappily some of the directors think only of dividends, they must be kept in the background. Such directors may work infinite mischief to a business.

8. *Unforeseen price changes.*—Few men realize that the prices of commodities are subject to hidden and incalculable forces. In the long run the prices of most articles tend to keep close to their costs of production, but at times market prices depart widely from costs. The price of any article on any day is explained by the demand in its relation to the supply. If the demand for an article is not a constant quantity, the price is subject to fluctuations. These cannot be foreseen and the business man must therefore be prepared for the unexpected. He may be obliged to pay a higher price for his raw materials than he expected, and when he is ready to market his finished product, it may happen that he and his competitors have over-

estimated the demand and will be obliged to sell at prices barely covering the cost of production.

The risk of loss thru price changes is least in the case of certain so-called staples, the consumption of which is pretty well known. The grocer, for example, incurs little risk of loss thru changes in the prices of such commodities as flour, salt, sugar, etc. In general, a business dealing in staples is safer than a business dealing in so-called "fancies," for the demand for the "fancies" may vanish at any time.

Furthermore, the prices of commodities in general depend on the value of gold, the money metal. If the world's stock of gold does not increase in proper amount, the value of gold tends to become greater. That means that the prices of commodities in general will tend downwards. Such a decline of prices often puzzles business men, for most of them do not understand the money question and cannot grasp the cause of price-changes.

No matter how much thought and study a man in business gives to the subject of prices, nor how keen he is in watching for circumstances that affect them, he is certain every now and then to be caught napping. No business man can hope always to sell his goods at a profit. Sometimes it is a wise policy to let them go at a loss.

9. *Perils of advertising.*—It is a familiar saying that it pays to advertise. Men tell glibly of fortunes made by advertising wisely, but omit to tell of its enormous wastes. Advertising is such an important

aid to profit-making that it is the subject of two of the Modern Business Texts. For the purpose of this chapter it is sufficient to call attention to the fact that advertising, when done by men ignorant of the principles, is one of the easiest known ways of throwing away money. It is estimated that over a billion dollars is spent every year in the United States in the payment of advertising bills, and experts have said that only about ten per cent of this sum is wisely expended. Money spent on advertising is wasted if it does not add to the prestige and good-will of the advertiser or if it fails to increase the demand for the goods advertised. Much advertising fails to produce either of these results, and sometimes an advertisement, because of its objectionable form or content, does positive harm to the business.

But in these days almost no business can achieve great success without the aid of advertising. Hence the business man who is seeking a profit must take all the risks involved in advertising. He should, therefore, be himself familiar with the fundamental principles of advertising and should know enough to employ good advertising counsel.

10. *Bad debts.*—Business today is dependent on credit. Seldom does the manufacturer get cash when he delivers goods to the jobber or wholesaler. He receives a promise to pay at a later date, or he keeps the account upon his books with the understanding that payment is to be made on or before a certain date. The wholesaler gives credit to the retailer, and the re-

tailer in his turn gives credit to his customers, sending out monthly bills. This credit system, complicated and hazardous as it seems on the surface, is found so efficient that very few businesses are now run upon a strictly cash basis. The methods of giving credit differ in different countries, but the essential principle is the same everywhere.

The sale of merchandise on credit contains possibilities of great loss. This the business man must assume and guard against, for his losses will be deducted from his profit. He must be wise in his extension of credit to customers, and exceedingly diligent and tactful in the collection of debts past due. These two functions are so important that most business houses maintain a credit and collection department under the management of well-trained specialists. This subject is fully treated in the Modern Business Text on "Credit and the Credit Man."

The salesman is often looked upon as the most important servant of a business concern; he finds the customer and sells the goods. But his work will be in vain if he has not the guidance of a wise credit man. If despite all precautions a mistake is made, the collection department must prove its worth. Conscientious salesmen, guided by an alert credit man, reduce the worries of the collection department to a minimum.

11. *Unwise laws.*—In the United States, and perhaps to a lesser extent in other civilized countries, laws have been passed which needlessly hamper the business

man's activities. From a business point of view it is a misfortune that most of the members of our legislatures and of Congress have been trained for the law and have had no experience in business. This condition is undoubtedly responsible for the fact that business and the law are frequently out of adjustment.

For example, the Federal Anti-Trust Act of 1890 was the outcome of popular antipathy to monopoly. When this law was passed it aroused little or no criticism, and many prominent lawyers declared it to be an excellent statute. Yet in the next twenty years it received various interpretations in the courts, and so uncertain were lawyers and business men of its real meaning that many important and desirable business enterprises were halted. It undoubtedly greatly lessened the profits of American enterprise. The law has been supplemented by additional legislation in the hope that the growth of monopoly may be checked without any check to the development of legitimate business and industry.

A concrete instance of what many good business men consider an evil effect of the Anti-Trust Act is illustrated by the controversy over "price maintenance." Certain manufacturers of articles for which they have created a wide demand thru advertising have insisted upon fixing the price at which the retailer shall sell, and have refused to sell to dealers who would not conform to such an arrangement. Some retailers protested and invoked the aid of the

law, holding that the "price maintenance" policy was monopolistic in character.

The lack of uniformity in the legislation of different states with respect to important business matters, such as bills of lading and the rights and liabilities of corporation stockholders, is a source of annoyance to business men in the United States. The American Bar Association deserves credit for its determined effort to correct this evil.

The lawyer is the only member of the community who profits by the situation. The prudent business man, before undertaking a new venture or entering into any new "deal," feels obliged to lay the entire matter before his attorney and to delay action until he has a favorable opinion. The numerous legal obstacles which lie in the path of successful business lessen the profits of business and increase the fees of the lawyer. Here is one reason why the legal profession gets a much greater revenue from business than it does from all other sources, and why young men preparing for the law are generally advised to specialize as much as possible in business subjects in their undergraduate work in college.

12. *Climatic uncertainties.*—Some articles are in pretty constant demand thruout the year regardless of the weather or of the seasons, but for many articles the demand depends very much upon climatic conditions. A late spring followed by an unusually cold summer causes loss to dealers in light summer cloth-

ing; the dealer in Panama and straw hats may find the bulk of his capital locked up for a year, and the manufacturers may find in many cases that collections are impossible; summer resorts do not get their expected patronage. In the same way an unusually mild winter lessens profits in furs and in heavy winter clothing, notwithstanding the fact that by a freak of fashion women sometimes wear furs in summer.

It goes without saying that climatic conditions have great bearing upon the farmer's crops. Too much rain in one month or too little in another may lessen the yield of corn or of wheat or of cotton, and cause an abnormal advance of the price. In the same way, many of the raw materials of the manufacturer are exposed to price fluctuations due to the uncertainties of our climate. These are risks which the business man, whether he be a trader or a manufacturer, must assume. They are a real and constant menace to his profit.

13. *Changes in fashions and fads.*—New human wants are constantly appearing. Women take delight in new kinds of apparel and men are always seeking new means of amusement. The bicycle gave way to the motorcycle and the automobile, and the latter's supremacy promises to be soon brought into question by the airplane and the dirigible. A wave of interest in food values may sweep over the country and cause a change in the dietary of millions of people and thus affect the sales and profits of many dealers in food products.

Many changes in demand are so gradual that business men are able to make adjustments without loss. But others are so sudden and sweeping that some houses are caught loaded with goods that cannot be sold at a profit. Manufacturers of articles, the demand for which depends upon the permanence of a prevailing fashion or fad, are not considered desirable risks by bankers, for their assets are liable to sudden shrinkage at any time. Naturally, men engaged in any business which locks up capital in goods likely to lose their value because of a shifting fashion or caprice, must make a larger profit on their turnover than dealers in staples or things for which the demand is fairly constant. Only the prospect of a large profit will tempt one into a business in which the risks are above the average.

14. *Brains and will-power.*—Our survey of the obstacles that lie in the way of profit-making suggests a revision of the older economist's formula to the effect that wealth is the product of land, labor and capital. The economist includes under labor the man whose work we have just been describing, namely, the business man who is aiming to make a profit at the risk of loss. In recent books on economics he is called the entrepreneur or enterpriser. He is the mainspring of all business and industry. Without his fearless, intelligent and determined effort, capital would be idle, land unutilized, and labor unemployed.

However, because of the fact that the word laborer is usually applied to men who work for wages and is

not held to include those who assume business risks, it would seem desirable to add a fourth factor of production to the economist's scientific formula, and that fourth factor must manifestly be "brains." Unless the labor and capital are directed wisely by intelligence, and unless the cultivation of land is ruled by intelligence, there can evidently be little wealth produced. This is certainly true under our modern competitive system of business and industry, and it would still be true even tho the competition were abolished and all business and industry were taken over by the state. To win their case the socialists must prove that the management of the country's business and industry in the hands of men selected by the people would be more intelligent and efficient than it now is in the hands of men who have proved their right to command by their triumph in the hard struggle of modern business. As I have already said, competition leads to the survival of the fittest, and this means in plain English that the great businesses and industries of the United States are now managed by the men best fitted for the work. They have played the game hard and sometimes too roughly, but there can be no question about their right to leadership.

REVIEW

Distinguish between money and capital. Give an illustration of this distinction.

What do you understand by competition; by monopoly? How would you, if in business, meet competition?

How would you go about building up an organization for a business?

In the long run, prices keep close to production costs but at times market prices vary widely. Why?

In what ways do climatic conditions and fads affect demand for many commodities?

What are the three factors of wealth, according to the economist? Under which factor would you place the business man? What other factor could you add to this list?

CHAPTER III

ECONOMICS AND SOCIOLOGY

1. *Custom or group habits.*—Just as an individual forms the habit of acting in a particular way under given conditions, so a group of people living in the same environment and subject to identical laws fall into the habit of doing things in the same way. In the country, for example, people eat dinner at midday; in the city they usually dine in the evening. In the United States people are in the habit of eating three times a day, while in some European countries they eat five times a day. When groups of people have the same habits, these habits are called customs.

It is important that the business man know something about the origin and cause of custom. Society is a network of customs. Unconsciously people are slaves of custom just as the individual is often the slave of habit. Hence the business man must take custom into account, both in the manufacturing and marketing of his goods.

2. *Aim of sociology.*—During the last century scientific men have begun to recognize the importance of those group actions which are called customs and have made careful study of their nature, gradually reducing the fruits of their studies and investigations into that systematic form which is essential to science.

Thus has developed the new science which is called sociology. Its aim is to explain the conduct of men when acting in groups. It differs, therefore, from psychology, which is concerned only with the conduct of the individual.

Many customs have a psychological origin, owing their existence mainly to the satisfaction they give to the individuals constituting a group. The study of such customs is sometimes called sociological psychology.

Sociology is evidently a very broad science. The word comes from a Latin word, *socius* (companion) and a Greek word *logos* (science); so etymologically it means the science of companionship or society. Its business is to explain a great multitude of phenomena arising out of human relationships. All human institutions, such as the school, the university, the church, marriage, divorce, the poor houses, the asylums, the charitable organizations and the prisons, fall within the scope of sociology. What are the causes of these and other institutions? What forces have made them? How can they be improved? The sociologist is concerned with questions of this sort.

Naturally, the field being so broad and the problems so numerous, no single man can hope to solve them all. Hence we have specialists in sociology, some devoting themselves to the theory or general principles of the science, others to the intensive study of particular customs or institutions.

Sociology is of importance to the business man, for

business institutions and customs are among the subjects of its investigation. The Trade Union, for example, is an institution possessing interest to the sociologist as well as to the economist.

In the Modern Business Text no volume is devoted specifically to the science of sociology, yet thruout them all a subscriber will find many conclusions which are based upon the investigations of that science.

3. *Socialism not sociology.*—Sociology must not be confused with socialism. The latter is not a science at all, but the dream of a new social state in which there shall be no poverty or want. The sociologist seeks first to find the causes of existing social institutions and thus be able to point out the ways of betterment; the socialist, instead of making a scientific study of existing institutions, assumes that certain of them are evil and should be entirely abolished by law. The socialist believes in the abolition of the private ownership of capital, that the country's great machinery of production and distribution, its railroads and factories and shops, should be owned by the state, and that all men would then have employment. The sociologist is concerned with the causes of unemployment and with any evil influences affecting the conditions under which men live and work. He knows that he cannot prescribe a remedy for any ill until he has found its cause.

4. *Aim of economics.*—The science of business is the subject of Volume 2 of the Modern Business Text and is generally known as economics or political econ-

omy. In this chapter we need consider only its purpose and scope and the importance of its study in relation to human welfare and business prosperity.

It is the aim of economics to explain the phenomena of business. It sets forth the laws governing prices, values, wages, rent, interest. In other words, it seeks to explain the production and consumption of wealth; by wealth being meant anything that has value and is, therefore, marketable.

Economics is the business man's science. It is the one above all others that he should master, for it treats of things which are part of his daily life. He must be familiar with the laws which determine the prices at which he sells his goods and the rates of wages which he must pay for labor; otherwise he works in the dark and will not be able to foresee changes.

5. *The reformer.*—It must be borne in mind that the economist as a man of science is especially concerned about the causes of existing phenomena. He looks for the principles underlying economic conditions and business events of today. Having found these he may then go further and become an economic or social reformer, showing how business conditions might be changed for the better. The man who is merely an economist is not qualified to serve society as a reformer. The moment he proposes changes he is invading the domain of sociology, for there can be no change in our economic system which does not run counter to custom and involve social consequences.

For example, free trade and protection do not con-

stitute a purely economic question. It is an issue that cannot be settled rightly if certain social, ethical and political considerations are left out of account. It is quite possible that an economist who had upheld the economic advantages of free trade would, if he assumed the responsibilities of statesmanship, become an ardent protectionist. He would, of course, be accused of inconsistency, whereas the truth might be that in his position as statesman he had discovered that for his country there existed in favor of a protective tariff certain broad considerations which he had not taken into account as an economist.

6. *Mercantilists.*—It is interesting and profitable to note the influence of environment upon economic thought. Among the ancient Greeks and Romans there was no such science as economics. No philosopher in those days gave any thought to the phenomena of what we call business. The reason is found in their ideals and environment. They loved the arts, literature, sports, war. Slaves supplied them with the necessaries, comforts and luxuries of life. Business to them was of small consequence. Its transactions, therefore, received no attention from philosophers. They did not seem to deserve the notice of wise men.

In the Middle Ages, however, after the downfall of the Roman Empire, men lived under an entirely different environment. The freemen of the feudal age declined to work in the gold and silver mines of Europe, as slaves had been compelled to do in the

earlier ages. Since the conquering legions of Rome brought no more of the precious metals into Europe, and as the church absorbed large quantities of them for the purposes of ornamentation, they became gradually scarcer and scarcer during the Middle Ages and greatly increased in value. Rulers found it difficult to keep within their kingdoms an adequate supply of the precious metals and numerous laws were passed for the prevention of their export, it being often made a capital offense.

As a result of this condition men got into the habit of thinking of gold and silver as being the most important commodities in the world, and toward the end of the Middle Ages publicists and scholars began to write books and pamphlets on the subject, their general aim being to show how a nation or a city might best increase and conserve its store of the precious metals. There grew up an overwhelming sentiment in favor of a tariff on imports. A nation's exports should be large and its imports small in order that there might be a so-called "favorable" balance of trade which must be paid in gold or silver. These first protectionists, it should be noted, had not in mind the building up of home industries, but the enlargement of their country's stock of precious metals. They were not known at the time as economists, but historians now group them together as the first school of political economy and call them the "Mercantilists" because of their faith in the value of trade.

7. *Physiocrats.*—In the sixteenth and seventeenth

centuries, as a result of the inflow of gold and silver from America, these metals greatly declined in value, causing a great rise of prices in Europe. Adam Smith in his "Wealth of Nations" estimates that the general level of prices rose some three hundred per cent during the seventeenth century. Since many wages and salaries did not rise in proportion and since the purchasing power of annuities and pensions had declined, there was great suffering in Europe among many different classes. No longer were gold and silver regarded as the most important commodities. These metals existed in abundance, yet there was great misery and discontent.

This condition had its effect upon economic thought and produced a group of writers, most of them living in France, who took issue with the conclusions of the Mercantilists and argued that agriculture, not trade, was the important pursuit of man. The source of wealth, they held, lay in Mother Earth, and a nation which sought to increase its wealth must encourage its people to till the soil and develop its natural resources. Historians called this group of writers "Physiocrats" (from two Greek words *physis,* nature, *kratein,* to rule).

8. *English Classical School.*—The next change in the character of economic thinking was brought about by Adam Smith, a Scotch professor of natural philosophy. In "The Wealth of Nations," published in 1776, he exposed the crude fallacies of the Mercantilists and pointed out the economic advantages of com-

petition and free trade, combating the Physiocratic doctrines in favor of governmental interference with trade and industry.

The keynote of his book is found in the phrase "laissez faire," let things alone, let not the law interfere with the business man, let competition bring the best man to the top. The people of each country should devote themselves to those pursuits for which it and they are best fitted. Adam Smith's book made a sensation in Europe and was the Bible of English economists for one hundred years. The last great expounder and advocate of its principles was John Stuart Mill, an English philosopher who published a treatise on political economy about 1845. The English economists who followed Adam Smith are generally recognized as the ablest group of men who have written upon the science and are now generally referred to as the English Classical School of political economy.

The English economists have been criticized as relying too much on the mode of reasoning known as deductive or *a priori*, or as being pure theorists who knew little about the facts of business. Modern economists, while recognizing the value of the deductive method, are seeking to make political economy the science of business as actually done today. Instead of reasoning as to how business men would behave under certain hypothetical conditions, they are studying the conditions and problems which do actually confront the business man in his office.

9. *Significance of human wants.*—All the actions of men are prompted by their wants or desires. If the wants of the people are few, their activities will be few and their lives simple and comparatively easy to understand. As their wants increase in number their activities become more complex and more difficult of comprehension.

The psychologist studies the peculiarities of wants as manifested in the individual and draws conclusions which are of interest to both the economist and the sociologist. He learns, for example, that there is practically no limit to the wants of which an ordinary human being is capable, a man in this respect being entirely different from the beasts. Second, he finds that the wants of different men differ greatly, one caring nothing at all for what another wants very much. Third, he learns that a man's desire for anything tends to decrease somewhat in proportion to the abundance of it in his possession; that a man, for example, who has three fountain pens will not worry much if he loses one, for he does not want nor need it.

To the economist and to the business man since they are especially concerned about the production and sale of commodities, these three peculiarities of human wants are of great interest. The fact that human wants are capable of indefinite increase in number reveals the almost infinite possibilities of business and industry. It stimulates the imagination of the inventor and gives incentive to the enterprising manufacturer and merchant, who have confidence in their

ability to market new qualities or new kinds of goods. The fact that a want lessens in intensity when gratified, finally reaching the point of satiety, is found by the economist to be the psychological basis of the well-known law of demand and supply, as is explained in Volume 2 of the Modern Business Texts.

When a business man understands these peculiarities of human wants, he gets a new idea of the real meaning of overproduction. A particular industry may turn out more goods than people want at the price which covers their cost of production, but men will never produce goods in excess of human wants if production is properly adjusted to the variety of those wants. An overproduction of shoes is tantamount to the underproduction of certain other things.

10. *Sociology and consumption.*—The sociologist is more interested in the consumption of wealth than in its production, for social institutions and customs depend very much on the way people spend their money; on the number and character of wants they gratify. The moralist regards money as the root of all evil; the economist thinks of it as the end and aim of business; the sociologist regards it as the source of all that is good in material civilization. The sociologist sees in the human desire for wealth one of the principal springs to human action. He has learned from the study of various peoples that those who want little do little and are anemic and inefficient.

The "wantlessness of the poor" is well known to every social worker. Give the poor man new wants,

says the sociologist, and you will give him ambition that will lift him out of poverty. Life indeed would be simpler if we could all model ourselves after Diogenes, that old Greek philosopher, to whom Alexander, the world conqueror, offered to grant any favor he might ask. "Please stand out of the sun" was all that Diogenes wanted him to do. It is reported of Diogenes that he lived in a tub and that he aimed to reduce his wants to a minimum, having, for example, thrown away his wooden cup when he chanced to see somebody else drinking out of the palm of his hand. If human beings were all like Diogenes the problems of sociology and economics would not exist, nor any of the remarkable institutions of modern society. "Every want," said Daniel Webster, "not a low one, physical as well as moral, which the human heart feels that brutes cannot do or feel, raises man by so much in the scale of existence."

Social and industrial progress is impossible in any community or country where the natural wants of men are stifled in their development. In India, under the influence of the doctrines of Brahma the people were divided into castes, a system which, tho considerably modified, still exists. In the artificial social system thus created men had no hope of rising from one caste to a higher; each had to be satisfied with the state in which he found himself. Under such conditions the development of a fine civilization was impossible.

Sociologists are interested in the consumption of

wealth because of the bearing it has on social welfare. Take, for example, the drinking of alcohol. To the economist, alcoholic beverages constitute wealth quite as much as wool, leather, or gold. He is interested in its cost of production and in its price, in the demand for it and supply of it. And all these matters are of interest to the business man. The sociologist is especially concerned about the effect which the consumption of liquor has upon a community. He finds that excessive consumption of it tends to fill the jails and almshouses and lessen the productive powers of the community. Hence he says to the business man, "If you wish to protect business from harm and conserve the buying power of the people on whom you depend, you must regulate this industry."

In the United States it is easier to earn money than it is to spend it wisely. The right consumption of wealth, the proper coordination of our wants and their satisfactions, are matters upon which the welfare of society depends. Thus far science has given too little attention to the problems involved in the consumption of wealth. They concern business men quite as much as they do economists and sociologists.

11. *Poverty and incompetence.*—The economist is interested in the cause of poverty and he finds it as a rule in the inefficiency of the poor, in their lack of productive power, in their ignorance, in their inability or unwillingness to perform any valuable service for society. The sociologist thinks most of the social institutions made necessary by the poor. He dis-

covers among paupers great numbers of defectives, delinquents and criminals, and puzzles over the problem of their treatment. In a properly organized society there should be no defectives, delinquents or paupers; the ultimate aim of both economics and sociology is their elimination. They are consumers of wealth, but not producers. They are a drag upon business. Here is a task which the conscientious business man must not shirk. He must endeavor gradually to bring about such a reconstruction of society that poverty and its attendant evils shall not exist, and in this work he must look for aid and guidance to the sociologist as well as to the economist.

It is easy to make mistakes in our treatment of the socially unfit. A good illustration is furnished by the prejudice that prevails with regard to the products of convict labor. It is admitted that the inmates of penitentiaries ought to be made to work, but the products of their labor, it is held, should not be sold in the general markets, for that would lessen the demand for honest labor. This prejudice is economically unsound. The production of goods by convicts, if encouraged and wisely directed, would be beneficial from every point of view; it would not lessen the earnings of honest laboring men by a dollar.

12. *National efficiency.*—Few business men realize how much of their prosperity they owe to certain social conditions and institutions which seem to have no relation whatever to business. Conspicuous among such institutions are the school and the church. The

one makes for intelligence, the other for honesty and clean living. Without their influence no nation could realize any high ideal of efficiency. Least of all can the discipline and training of the family life be overlooked. Whatever makes for solidity and strength of character contributes to the business success of a people.

In a country lacking a system of general education, or of moral training such as it is the aim of the church to give, business men would be seriously handicapped by the poor and untrustworthy quality of their employes. A great executive can accomplish little if he is surrounded by men who do not understand his plans. He needs wise subordinates upon whom he can depend just as a great general needs good soldiers.

Self-interest as well as patriotism demands, therefore, that the business man help to foster all social institutions which increase the efficiency and strengthen the character of the average citizen. Upon that efficiency and character the continuance and growth of a nation's material prosperity absolutely depend, and that is a matter of vital concern to every business man. As Mr. Vanderlip has eloquently said in a recent address:

> There are times in the world which call men away from their personal and immediate interests. There are periods that compel them to think together of fundamental things. Surely the present is such a time. It seems almost idle to discuss the working of banking statutes when we can discern, even tho dimly, the working of great laws in the statute book of human nature and society, whose action is so funda-

mental and important as to make our men-made laws and their workings seem inconsequential in comparison. We are in a time when it is of the utmost importance that we think socially and fundamentally. These are not days when we can give our thoughts exclusively to our business, to our immediate affairs. They are days that demand that we think nationally and internationally rather than individually or as a business class. We are confronted by an insistent need for comprehending fundamentals.

13. *Inflexibility of custom.*—It is of practical importance that business men know enough about sociology to understand the rigidity and inflexibility of custom. When a people once get into the habit of doing a certain thing in a certain way, the business man who runs counter to that custom will get into trouble. As we all know, it is exceedingly difficult to correct a bad personal habit, it seems part of our nature. But customs are changed with much greater difficulty than habits. They are reenforced personal habits. Each individual member of a community clings to an old custom with tenacity not only for the reason that it is a habit with him, but also because it has the complete approval of his associates. The custom may be absurd, illogical, uneconomic, but you cannot uproot it merely by exposing its absurdity and wastefulness. It will yield to change very gradually, and for a time those who make improvements will be sneered at as queer, not practical.

The American people, for example, have long railed at the custom of tipping the Pullman car porter, but only women are brave enough to violate the custom.

New Yorkers write letters to the newspapers condemning the custom requiring the checking of coats and hats at restaurants, but if they dine at a restaurant the next day they meekly hand the hat-boy his tip.

The law itself is often powerless to change a business custom. The new Federal Reserve Banking Law which is described in the Modern Business Text on "Banking" was designed to bring about a change in certain credit customs in the United States. In Europe buyers of goods get credit by means of what is called the bill of exchange, a credit instrument much more useful and flexible than the promissory note which is in common use in the United States, but the bill of exchange is the product of a custom new in the United States; it is the result of the creditor drawing on the debtor, the latter accepting the draft. It remains to be seen whether the business men of the United States will avail themselves of the opportunity offered by the new law and adopt this European custom.

Custom owes its inflexibility largely to the human passion for imitation. In this respect man can certainly claim some kinship to the ape. Our imitation of others is sometimes the result of our desire for their approbation, but usually it is unconscious and instinctive, and it takes more than a sermon or a lecture to convince a man that his subordinance to any foolish custom is evidence of weakness. The business man must bear in mind that the customs of a country or of

a community are part of its second nature. He must not ignore or ridicule them, and if he seeks to eradicate them he must be content with slow progress.

REVIEW

Distinguish between sociology and economics.

What are the underlying reasons for the prominence given certain doctrines by the Mercantilist, Physiocratic, and Classical Schools of economists?

What concern has the business man with such questions as the temperance movement, the juvenile court, prison labor, tenement dwellings and the like?

Name some cases in which social custom affects men's ways of doing business.

Will business find it more profitable to seek to change custom, or to adapt itself to custom?

CHAPTER IV

PSYCHOLOGY

1. *The human equation.*—Psychology aims to explain our states of mind or consciousness—our sensations, emotions, desires, ideas, volitions, etc. Psychology is a natural science, involving the study of the body as well as of our mental states. Every state of consciousness is the reflex of some physical activity in the brain or nervous system and is usually followed by bodily activity of some kind.

Since business is essentially cooperative in its nature, a man's mind being constantly brought into contact with the minds of others, a business man unconsciously becomes a psychologist, but not always a good one. It is worth our while, therefore, to give a little systematic thought to this interesting science. The manager must consider the worker as well as the work; the advertiser must know human motives as well as type faces; in short, the business man must recognize the human equation, must study how to solve it.

2. *Nervous system.*—The many formidable theories about the mind with their fine spun distinctions, have often left men impatient with psychology. But the essential principles are simple and easily put into practice. Let us sweep away whatever fantastic or

metaphysical notions we may have about the thought world and focus our attention upon the nervous system.

The nervous system consists of four parts—cerebrum, cerebellum, medulla oblongata, and nerves—all intimately bound together, yet each with its distinctive functions. As the reader studies these functions the similarity between the nervous system and a business organization cannot fail to impress him.

3. *Nerve ganglia.*—The nerves thru the organs of sight, taste, smell, feeling and hearing, receive the first impressions, or sensations as they are called, from the outside. These nerves may be compared to the telephone and telegraph wires, the railroads and the mails which keep a business organization in touch with its markets. But some of these impressions or sensations do not travel very far along the nerves toward headquarters before they meet a little nerve knot, or ganglion, which passes upon their message. If it is of routine sort merely, the ganglion decides the matter itself, just as an office boy might under similar circumstances. A message of higher sort gets on by the ganglion and quickly reaches the medulla oblongata.

4. *Medulla oblongata.*—The medulla oblongata rests at the top of the spinal cord, as a sort of clearing house for automatic and semi-automatic actions. While it is of higher rank than the myriad ganglia, its functions are very much the same.

The medulla might be called the chief of the routine department. Certain messages and orders are too

important for it to dispatch, of course, and these are passed on to the cerebellum.

5. *Cerebellum.*—The cerebellum is the "little brain" lying just above the medulla, yet still far back and low in the brain case or skull. It has charge of the voluntary muscles, that is, over those which operate under the direction of our will. The beating of the heart goes on whether we think of it or not, but were we to draw a caricature of a friend, the cerebellum would direct the muscles. In general, the cerebellum might be called the seat of the action department.

6. *Cerebrum.*—The cerebrum crowns the nervous system both in size and function. Practically the entire brain case is filled by it. Just as the most important messages and orders come finally to the general manager, the main business of the mind, its general policies, so to speak, are here transacted.

7. *Habits, good and bad.*—These four parts of the nervous system are composed of tiny, plastic cells, striking one another and rebounding as a message flies from cell to cell. The first time the message is sent, as, for instance, walking down the stairs of our new home to the dinner table, so great is the difficulty encountered that the general manager himself must take a hand in directing the muscles, and even at that we may perchance stumble at the last stair. But the brain cells under repetition shape themselves into a less and less plastic order, until finally a habit is formed. The clock points to seven-thirty, the cere-

bellum incites the medulla to effort and aided by the ganglia, we reach the table with the general manager (the cerebrum) still undisturbed, putting the finishing touches on "what to do tomorrow." Evidently, there may be good as well as bad habits.

Every useful action possible, such as ways of dressing, eating, working, in short all the details of existence, should be made automatic and habitual. They can then be turned over to the lower nervous centers for attention, leaving the general manager unfettered to transact the real business of life. The nervous system is designed for this very purpose and the man who would be efficient takes advantage of its wonderfully simple yet adequate organization.

8. *Operating the mental machine.*—The business man would have the men who buy from him or work for him, as responsive to his touch as a motor car or a locomotive under the engineer's hand. To a certain extent this is entirely possible. The average man has plenty of energy within him which awaits the call of the man able to release it—brain cells and muscle cells in unstable equilibrium are like powder awaiting the match.

To appreciate what possibilities here await the man able to operate mental machinery, one need only consider that galvanic power applied to the nerve of a frog's leg produces energy 70,000 times greater than the original stimulus.

The procedure itself is pretty well comprehended in three words, motive, appeal and response. By mo-

tive is meant that which impels men to act; as, for example, when the desire for a home or for clothing and food impels the workman to lay bricks. Appeal is the means by which a motive may effectively be incited. If, for example, the manager wants to arouse a particular motive, such as curiosity or gratitude, he makes an appeal, that is, he invites, or argues, etc. By response is meant the reaction on the part of the other person, whether favorable or unfavorable, to the appeal which has been made to him.

9. *Appeals to the instincts.*—Classified broadly, appeals are directed either to the reason or to the instincts. The instinctive appeal is addressed to the lower parts of the brain, those which control our habits and all our routine conduct. If a man is hungry and food is placed before him, he instinctively seizes a knife and fork. In the presence of danger a man instinctively seeks a place of security. It is a human instinct to protect one's wife, children and friends from harm. It is instinctive, also, to continue doing whatever one has been accustomed to do.

Many of life's most important customs are instinctive and non-rational. A man who seeks to make us act counter to these instincts has a difficult task. If he wishes to win us, he must by all means be careful not to begin by rousing instincts which are hostile to his desire. If an art critic should be tactless enough to mention the physical blemishes of a friend's sweetheart or mother, his friend would not be at all convinced. Possibly "Old Glory" is not the most artistic

national flag in existence, but every real American believes it is and does not care to reason about it.

"You want a tie to match this new coat," suggests the salesman with conviction, and our lower brain centers, habit-bound and greedy, urge us over toward the stock of neckwear.

The appeal to instinct is sometimes called the human interest appeal. Sometimes it is known as "suggestion." Men are sometimes persuaded to act without the slightest suspicion that they are not acting entirely upon their own initiative. Instinctively we love the approbation of others; so almost unconsciously we become imitators and seek to mend our manners and improve our speech when we are with people whose training and environment have been finer than ours.

10. *Making use of reason.*—Reason is the commander-in-chief of our mental forces and may at any time countermand the orders issued by the instincts. When the price of a new necktie is telegraphed to the brain, the reason may take note of it and thwart the salesman's appeal to instinct unless he is able to prove that the high price is abundantly justified.

Occasions often arise when the reason appeal alone can be used; for example if a concern wishes to establish a line of credit at a bank, it must convince the banker of the value of its assets and of the certainty of its income. Banks do not loan money on sentiment. On the contrary, a banker is instinctively suspicious when a man applies for a loan on the ground of

friendship or because they are members of the same church or secret society.

Frequently the instinct and reason appeal can be made to work together to the same end. Dealers in farms and country estates understand this fact and make skilful use of both appeals in their advertisements. They picture what seems to be an ideal country home which is to be sold at a most reasonable price, because the owner is a recent widow and is compelled to sell. When a would-be buyer rushes out eagerly to snap up the bargain, he is usually disappointed. The advertisement may have told nothing untrue, yet it did not tell all the truth; it was designed to arouse his instinct for a country home.

11. *Choice of appeals.*—When should we use the appeal to reason and when the appeal to instinct? We cannot answer that question unless we know the kind of person with whom we are dealing and just what we want him to do.

Furthermore, is the transaction one that requires mental analysis and deliberation? A man who is placing on the market a new article, one satisfying a want hitherto unsatisfied, must appeal to the reason of people. He must make it clear that his article will give satisfaction or relieve them of much discomfort which they in the past have been obliged to endure. If he is offering a new office appliance for $100 which will do the work of two clerks whose wages are at least eight dollars a week, he should use pencil and paper and absolutely convince the judgment of the pros-

pective buyer, but if he is offering something which concerns the comforts of home or the health and well-being of children, he will find the instinctive appeal most effective.

Most business men underestimate the value and importance of the instinctive appeal. In the upbuilding of an efficient business organization, one full of "ginger," loyalty and enthusiasm, the instinctive appeal is worth a hundred times more than any cold calculation with regard to the grading of salaries. Many houses give prizes each month to those employes who make the best suggestions for the improvement of their business. To the employe the honor of winning the prize is of much more consequence than the number of dollars.

12. *Suiting appeal to person.*—A good salesman unconsciously considers the character of the person he is addressing. Is he reserved, self-centered, his eyes partly closed, his face showing hard lines, his lower jaw prominent and firm? Then the wise salesman gets down to business at once, cracking no jokes and attempting no familiarities. When dealing with a man who has a habit of insisting upon evidence of merit, that habit must be respected. His reason must be convinced.

However, people who are controlled entirely by reason are the exceptions in this world. Reasoning is work which most men like to avoid. To be sure, men like to be told that they are reasonable. That bit of flattery puts them in a comfortable state

of mind, in which they the more easily surrender to an instinctive appeal. Men are a good deal like children—bundles of habits and instincts. Appeal to their reason often leaves them unmoved, while a subtle appeal to their emotions, prejudices or ambitions often drives them into conduct utterly irrational.

13. *Traits in common.*—It is well to bear in mind that men resemble one another more in their instincts than in their reason. People living in the same environment naturally fall into the same habits and customs and acquire common views on many subjects, but in intellectual power the individuals of a community differ greatly.

At a theater the downfall of the villain and the rescue of the heroine get equal applause from the boxes and the gallery, but at a lecture on some abstract topic there is no applause because there is no common response; perhaps only a few of the audience understand and appreciate all that is said, and it may be that not a single hearer is in agreement with all the speaker's arguments.

A man who would appeal to all sorts and conditions of men must stir their common instincts and emotions. This fact is well understood by demagogues and successful stump speakers in political campaigns.

14. *One's own personality.*—A man must take into account his own personality in deciding upon the character of appeal he shall make. Personality is such an important matter that I have deemed it worthy of

a chapter in this book. A man of unattractive personality can often accomplish more by writing a letter than by a personal visit. Other men have such a compelling personality that they win us almost in spite of ourselves. Said the rough General Vandamme of Napoleon:

> That devil of a man exercises a fascination over me I cannot explain even to myself, and in such a degree that, tho I fear neither God nor devil, when I am in his presence, I am ready to tremble like a child and he could make me go thru the eye of a needle or throw myself into a fire.

A timid, sensitive man should not attempt to dominate others or to control them thru fear; he can win others over to his policy only thru patient and tactful suggestion. Some successful managers are as silent as the sphinx, their immobile faces arousing fear as well as curiosity. Others are genial and friendly, winning the hearts of their employes. Still others reason everything out with great care and accuracy and delight in graphic charts for the instruction of their men. It is certainly wise for a man to know the type of his personality and to direct his conduct in conformity with it.

15. *Appeal in relation to action.*—While the instincts and the reason both impel us to action, it is important to note that the instincts are much the swifter in action. It takes time to analyze a proposition, to scrutinize arguments and to weigh facts and conditions to the satisfaction of the reason. Hence if immediate action is wanted, the instincts must be ap-

pealed to. Religious revivals, financial panics, football games, lynching mobs, all show how the contagious instinctive appeal is able to make them outdo themselves in acts, both good and bad.

But the effects of the instinctive appeal are not always lasting, for they not always stand the test of reason. Reason works slowly and painfully, but it carries a man safely along a straight road and he has no thought of turning back.

16. *Attention.*—The mind of a man refuses to pay heed or to give thought to anything in which it is not interested. If you wish to capture a man's mind, you must first of all get his attention, and you cannot do that unless you stir his interest. You must make him feel that your message is one of great interest to him, one of importance to his welfare, something that he cannot afford to miss. He is more interested in himself than in anybody else. Hence you must appeal to his self-interest if you wish him to attend to you. If he has had experience, you cannot capture him with commonplace phrases or with form letters. The commonplaces he does not hear, the letters he throws into his wastebasket. To capture him you must use a new phrase or write a new letter.

The mind does not easily give long and concentrated attention to any topic. Men are very much the slaves of memory and imagination and like best to wander away from the business immediately in hand. It is difficult for most men to understand how Archimedes could have been so absorbed in his mathematics as not

to know that the City of Syracuse was falling, or how Horace Greeley could sit on a Broadway doorstep and write a masterful editorial for the *Tribune*. That is because the average man, not being absorbed in any one interest, cannot shut his ears and be deaf to the jargon of sounds in his environment. Yet this faculty of attention and concentration is one that the business man must cultivate, and he must master the art of rousing and holding attention in others.

REVIEW

Make an analogy between the four main parts of the nervous system and a business organization.

What is meant by (a) motive, (b) appeal, (c) response?

How would you classify appeals and how may such a classification serve business purposes?

In securing action or decision on the part of another how must appeals based on common human traits and instincts be modified to attract and hold the attention of persons of different characteristics?

CHAPTER V

ETHICS OF BUSINESS

1. *Science of ethics.*—Ethics comes from a Greek word meaning "custom." In modern times it has come to be virtually synonymous with morality and is the science which seeks to determine the fundamental distinction between right and wrong human conduct. The mere fact that a certain practice is customary is no longer accepted as evidence that it is ethical or moral. A great gulf often lies between morality and conventionality.

Philosophers are not in agreement as to the scientific basis of ethics. Adam Smith, a Scotch professor of moral philosophy, who, in 1776, published the first systematic treatise of political economy and is known as the father of that science, found the basis of right and wrong in the principle of sympathy, but few philosophers have agreed with him. The Utilitarian school of philosophers regarded the greatest good of the greatest number as the fundamental principle of ethics; an act which causes more pain than pleasure, more suffering than happiness, does more harm than good and is wrong. The tenets of this school have been severely attacked, especially by theologians, as encouraging materialism and selfishness. Some phi-

losophers have taught that men know right and wrong by intuition, while others have held that the canons or laws of morality are to be found only in the Bible and could never have been known by men except thru divine revelation.

But we are not concerned about the philosophical basis of ethics. In a civilized country, business sometimes gives rise to perplexing problems in ethics, the dividing line between right and wrong conduct not being perfectly clear, but as a rule all business men know perfectly well when they are violating the moral law. Their common sense, their judgment tells them so. By the way, when common sense or judgment is passing on the moral quality of an act it is called conscience.

While the customary procedure is not always or necessarily the most ethical, nevertheless we may safely assume that any procedure, practice or policy is right and ethical if it has the general approval of our business associates, especially those most respected in the community. The essence of practical ethics is undoubtedly found in the golden rule, "do unto others as you would have them do unto you." In the "street" this law finds expression in the "square deal."

2. *The moral imperative in business.*—What are the moral obligations, the duties of the business man? Is it enough that he be honest and square in all his dealings? His reputation as an honest dealer, as a man who has never cheated a customer nor violated the law, is a valuable business asset. Has he, having

earned this reputation, performed all his duties as a business man?

Business is a cooperative matter. Nothing much can be accomplished in it unless men work together for a common result. Now, men cannot be closely associated, working side by side, some subordinate to others, without that clashing of self-interest which gives rise to moral or ethical problems. It is evident that honesty cannot be regarded as the sole necessary virtue in business. Duty demands much more of a business man.

Responsibility and duty are usually commensurate with power and authority; hence the head of a large business with many employes subject to his will carries upon his shoulders serious duties as well as responsibilities. He may ignore the moral imperative or command, but no civilized conscience will accept the excuse of Cain that he is not "his brother's keeper."

Economics teaches that in general the rate of wages is fixed by the law of demand and supply. When an employe thinks that his particular wage "ought" to be raised, has the employer done his full duty by that employe when he quotes to him the law of demand and supply? Or should he, or one of his representatives, make clear to the employe just why he is not worth more and what he must do to make his services more valuable?

The laws of political economy are based on conditions as they exist, not on conditions that ought to be.

This fact the enlightened business men of today are beginning to understand and are recognizing it as their duty to improve the conditions under which men work. The relations of employer to employe are more than economic. They are personal and ethical. The business man who thinks of his men as so many tools or machines to be worked to the utmost and then scrapped, is a shameless violator of the moral law. It is the duty of the employer to see that his men shall work under the best possible conditions, that their souls shall be properly replenished by variety of employment and by recreation, and that they shall have opportunity for mental growth.

There is a sense in which it is absolutely true that an employer is the "keeper of his employes." The business man who denies it is ethically unsound.

The man who does not cooperate with his competitors in their effort to raise standards, enforce laws and prevent unfair practices, is ethically recreant. A hundred years ago such cooperation was not practical, but today the means of rapid communication and publicity make possible what may be called solidarity or unity in any line of business or trade. That accounts for the great increase in the number of business associations during recent years, such as the National Credit Men's Association, the American Institute of Accountants and the American Bankers' Association. One of the objects of these associations is the establishment and maintenance of codes of ethics or honor. A business man who neglects to support

the association that has been organized for the good of his line of business neglects a real duty.

3. *The law and ethics.*—It would be impossible for any legislature, however wise its members, to enact statutes embodying all the prohibitions and imperatives of the moral law. Legislatures can do no more than make illegal such practices as are generally recognized to be unfair and harmful to the community. When they attempt to go further, as they sometimes do, and prescribe specific rules of conduct for particular cases, they usually do more harm than good. Sometimes by too sweeping a law they render acts illegal which are in themselves neither culpable nor injurious to society. The Sherman Anti-Trust Act of 1890, as interpreted by the courts, proved to be a law of this kind. Its purpose was the curbing of monopoly, but its terms were so sweeping that it exposed to indictment men who combined their businesses with the best of motives and without any thought of monopoly.

Ethically a man cannot justify himself by the plea that he keeps within the law. An act or practice may be entirely lawful and yet be immoral and unethical. It is possible for a business man to be morally criminal and depraved without violating a single law of the land.

4. *Codes of ethics.*—Because of the varying conditions governing conduct in the different callings and because the law cannot possibly take them all into account, codes of ethics or rules of conduct have come

into existence. In the old professions of law and medicine these codes are clearly defined and are rigidly insisted upon by practitioners. To laymen some of the features of these professional codes seem unreasonable and unfair to the public. Yet so long as these codes have the approval of our best lawyers and physicians the laymen must be content.

As yet nobody has attempted to draft a code of ethics for business in general. Probably such a code is impracticable because of the different customs and conditions that prevail in different businesses, but the necessity for codes of ethics in business is beginning to be clearly recognized and in certain fields of business, definite and satisfactory progress is being made. In a not far distant future it is quite possible that certain practices now tolerated, altho not generally approved, will be so definitely and publicly condemned in a written code of ethics that the business man who indulges in them will lose caste and suffer loss of reputation and profit.

5. *Caveat emptor.*—The doctrine of *caveat emptor,* the Latin for "let the buyer beware," is losing its significance in these days of publicity and of great and rapid transactions. Quality must be dependable and is so in most general lines of business. Some years ago a large tobacco company bought a famous brand of cigars and then began to cheapen its quality. The fact could not be kept secret and sales collapsed. The company restored the quality and advertised extensively, but could not recreate the demand.

Recently one of the shrewdest automobile dealers in the country bought over six million dollars' worth of cars from a manufacturer. Up to the day of buying them he had never ridden in a car of that make. He knew the reputation of the car. Its merits were so well accepted and so many of the cars were in the hands of the public that they simply had to be all right. He did not expect the manufacturer to commit financial suicide by cheapening the standard.

Big business is impossible if allied with humbug and deceit or misrepresentation. If there were anything mechanically wrong with Ford cars or with the Ingersoll watches, they could not have reached their present sales. Can Hart, Schaffner & Marx clothes or the Westinghouse electrical products be anything else than full value? The limelight of publicity would immediately make havoc with sales if defects or deterioration were permitted.

Legally the buyer must still be on his guard to be sure that the goods he receives are what he believed them to be when the purchase was made, but practically, because of the rising standards of business ethics and because of the increasing appreciation of the value of good-will as an asset, buyers of almost any article, not even excepting horses, can now find markets where they can place implicit confidence in the representations of the seller. In New York City today there are firms which do an international export business in commodities which they never see. They buy from catalogs and samples and they ship to all

parts of the globe, machinery, automobiles, flour, oil, prints, lumber, cotton, grain and other raw materials. They operate in small offices. They have no warehouses and they handle no goods. They buy only from dealers in whom they have absolute confidence.

"Every man takes care," said Ralph Waldo Emerson, "that his neighbor does not cheat him. But a day comes when he begins to care that he does not cheat his neighbor. Then all goes well."

6. *Standards enforced by law.*—Since many goods are not sold by brand or firm name, legislation has sometimes been found necessary to reenforce the standards of quality set by responsible firms. Laws fixing the standard of sterling silver have been in effect for decades, as have laws for enforcing the use of correct carat marks for different alloys of gold. The "pure food" law passed in 1906 is not yet uniformly accepted or approved by dealers, and its enforcement is difficult. The food, drug and liquor trades are not solidly pledged to the reform. The ethical standards of these trades, certain successful firms excepted, is below that of the law. If the public were not so vitally concerned, the law would be impossible of enforcement at all. Honest manufacturers support the law, for it enables them to market their wares without unfair competition from unscrupulous rivals.

It is not yet generally considered disgraceful to adulterate silk with tin and cotton, or to mix wool or linen with cotton and to sell the fabric to the public

as pure silk, wool or linen. The public does not seem vitally interested in the passage of a "fabric law." High standards of ethics in the textile trades as a whole are not yet permanently fixed, and the public must depend upon brands for protection. Certain manufacturers, however, are agitating for a "fabric law" requiring correct labeling of dry-goods.

Some years ago rebates were commonly granted by railroads to large shippers, but the practice led to such unfair discriminations that Congress passed a law against railroad rebates. The beneficial effects of the law are now admitted by railroad men as well as by business men.

7. *Unwise laws.*—When Congress or the legislature of a state enacts a law which has not the approval of business men generally, many a business man breaks it without the slightest qualm of conscience. The laws against usury, for example, are in this class. A thousand years ago it was thought sinful for the lender of money to charge the borrower interest. It was argued that money, being a dead thing, could not by itself earn or produce. The legitimacy of the interest charge is now generally recognized, but many people still have erroneous ideas about the laws governing the rate of interest. There is a popular notion that no man should be compelled to pay over 6 per cent for borrowed money, and several state legislatures in the United States have enacted this notion into a law. Lenders evade the law without compunction, by charging a commission whenever the

money market conditions warrant a rate higher than the maximum fixed by law. Until 1882, the rate of interest on call loans on the New York Stock Exchange was limited to 6 per cent, but lenders by means of commissions sometimes ran the rate up to 700 per cent per annum. Since the repeal of the law borrowers in Wall Street have fared better than when the law was in force.

Certain kinds of borrowers undoubtedly need protection by the law. They are the poor and ignorant people who sometimes are forced to go to the money lender, often the pawn shop or a so-called "money shark," and to pledge their belongings in order that they may get money to save themselves from eviction or famine. In some states, borrowers of this class are carefully protected by laws which have the approval of business men generally.

8. *Trades lacking standards.*—In some lines of business there are still lacking accepted and approved ethical standards. The people of New York City, for example, have little faith in the average dealer in poultry. It is generally felt that the "broiler" must be examined carefully to see that its weight has not been augmented by the insertion into its crop of gravel, oyster shells, or sand.

Produce commission men are also under some suspicion. The amateur dealing with them does not feel at all certain that he can rely upon their word, nor does the farmer who ships them his produce. Of course, the wide-awake grocer in any large city knows

the commission men he can trust. These are the men who in the long run prosper.

One hears also much complaint about the practices of certain import and export commission merchants. It is said that many of them accept commissions from both buyer and seller, a practice which would not be tolerated in domestic trade. As our foreign business grows more important, a standard of ethics will evolve which will put out of business those who indulge in unfair practices.

It used to be said that no one could be honest and be a second-hand automobile dealer. Noisy cylinders were charmed to temporary silence and the labors of loose gears drowned in thick grease. The engine was tuned up in order to imitate for the time being proper performance. Today the second-hand automobile business has mostly passed into the hands of scrupulous men whose guarantees are genuine.

9. *Merchandising.*—The recent rapid growth of the department store in the cities of the United States and of the large mail-order houses is the best possible evidence of the commercial importance and value of the practical applications of ethical standards in business. Hundreds of thousands of farmers all over the United States feel certain that they will get their money's worth when they order supplies from certain mail order houses. Their experience with these houses has uniformly been satisfactory, and they know they can return the goods if they are dissatisfied. If the managers of these houses had not insisted upon

a high ethical standard, but had sought by misleading advertisements and catalogs to increase their sales, they would in all probability have met with failure.

As exponents of the "square deal" in the department store, A. T. Stewart, Marshall Field and John Wanamaker were the pacemakers in the beginning. They insisted upon the "one price only" for all customers and upon the policy of "money back if dissatisfied." The Woolworth five and ten cent stores, despite the fine business idea underlying them, could not have prospered had they not been conducted in such a manner that people enter them with confidence as well as with curiosity. The merchant who misrepresents the quality of his goods, who advertises bogus fire sales, who refuses to be fair with dissatisfied customers, is rapidly being relegated to the back streets. His lack of moral quality classes him with the unfit in business and will lead to his extermination.

10. *Trade associations.*—A potent influence in standardizing business practices has been exerted by the various trade associations. Many of these associations have worked out practical codes of ethics which have received general acceptance among the members. These associations, which have been organized in connection with all the important trades of the country, have for their purpose the advancement of the common interests of their membership, and are in themselves evidence of the fact that busi-

ness standards in the United States are tending steadily upward. Among the members there is the keenest kind of competition for trade, yet along with this competition there exists a cordial spirit of cooperation, each member realizing that the higher interests of his trade are of vital concern to him personally.

The fruit-packing industry of the Northwest is often referred to as a classic example of trade associations. Knowing the necessity for permanent markets, growers got together some years ago and agreed upon standards of packing. Thereafter western fruit came to the East uniform in size and quality. As a result the market for eastern fruit was demoralized and it did not revive until similar action was taken in the East. The small wormy fruit at the bottom had to go.

The National Association of Credit Men has been a powerful factor in establishing and maintaining high standards of business conduct. The association has adopted eight "canons of commercial ethics" which have exerted a fine influence on the conduct of credit men and their employers.

The National Association of Purchasing Agents is doing much to free business transactions from certain objectionable features. Not many years ago, for example, the acceptance by a purchasing agent of a commission, or of some other valuable consideration, was tolerated and regarded as quite the proper thing.

Today commissions are not welcome and any salesman who attempts to arrange such retainers injures his chances of sale.

Of all the classes of business men who have sincerely attempted to work out standards of business conduct the advertising men have had the hardest problem, but their various associations, national and local, have worked at it with great intelligence and determination. It is not too much to hope that the time will soon come when a mendacious, unprincipled advertiser will be unable to get his name into the columns of a respectable newspaper or magazine. As a result of the vigorous educational campaigns carried on by advertising clubs and associations much objectionable advertising has already been eliminated from our newspapers.

11. *Wall Street.*—Thruout the country there exists an idea that Wall Street is a very wicked place and that the New York Stock Exchange is a den of gamblers who would not hesitate to ruin the country if they thereby could make a dollar. In many states the prejudice against Wall Street is so bitter that men are sent to Congress virtually pledged to oppose any measure that has the hearty support of the financial interests of New York City. A demagogue can always win votes by denouncing the conspiracies, the trickery, the deceit, the corruption, which are alleged to exist in Wall Street.

The popular idea of Wall Street and its practices is entirely erroneous. By "Wall Street" is meant the

financial and speculative markets of the United States. It is the national loan or capital market. Wherever capital is loaned and borrowed, wherever securities are bought and sold, there is Wall Street. It is called Wall Street merely because the greatest financial houses of the country happen to be located in or near a street of that name. As the reader will discover in reading the Modern Business Texts on "The Exchanges and Speculation" and "Investment," the business transactions of Wall Street are the greatest done anywhere in the world. The man who says that Wall Street is controlled by gamblers or by men lacking principle or patriotic sentiment is, without knowing it, slandering the whole American people. The leaders of Wall Street live not only in New York, but in Boston, Chicago, Seattle, San Francisco, St. Louis and in other cities and towns. They got their leadership with the approval of the American people; and by their ability they have been able to plan and finance those mighty industries which give employment to millions of men and have placed the United States first among nations in the production of wealth. From the point of view of industry as well as finance the nation's brain is in "Wall Street."

The reader should not be surprised, therefore, when told that nowhere in the world will he find a higher code of business honor than that which prevails in Wall Street. The man who does not keep his word, even tho he has given it only by telephone, the man who seeks to evade a contract because of some tech-

nicality, the man who misrepresents, is not tolerated in the "street." As soon as he is found out he is shunned. The men who give character to the "street," doing 90 per cent of its real business, will have nothing more to do with him. Undoubtedly trickery and deception are practised in the shadows of Wall Street and many guileless investors are fleeced. It would be strange, indeed, if this were not true, for thieves and swindlers are attracted to the "street" as are flies to an open sugar barrel. Foolish, gullible persons, reading about the many million dollar transactions in the "street," often go there hoping to pick up a fortune without work. The keen men who welcome them on arrival, or who advertise for them in newspapers, are not the regulars of Wall Street. They are despised parasites, for whose extermination the men who do the real business in the "street" never cease to work.

12. *New York Stock Exchange.*—The New York Stock Exchange is a voluntary association of men interested in the purchase and sale of stocks and bonds. Its transactions, amounting daily to many million dollars, originate in all parts of the country. Some experts have estimated that less than half its business originates in New York City. The history of the Exchange reveals a constant effort on the part of its governors to bring its methods up to the highest possible standard and to prevent any practice or custom which will tend to give wrong impressions to outsiders. No code of ethics so-called has been adopted,

yet an unwritten code exists which no broker dare violate. The governors of the Exchange seem to realize fully their responsibility to the public, and are not slow to rule against any evil or dangerous practice that is brought to their notice. It is doubtful if the affairs of any other business organization in the country are managed in accordance with an ethical code of finer quality.

Most men who lose money by dabbling in stocks are victims of their own greed and folly. In order to save such men from themselves, if that is possible, the governors of the Stock Exchange have adopted a very strict rule with regard to advertising done by its members. In the words of Mr. William C. Van Antwerp speaking for the governors of the Exchange:

> We have said to the members, "you must not only put your advertising on a dignified plane, but you must not use anything in the nature of catch phrases or alluring devices designed to influence the judgment of those to whom it is addressed. You may advertise as generously as you please; supply the public with as much educational matter as you choose; offer what you have for sale, but do not attempt anything remotely approaching the business of a tipster."

13. *Ethics of directors.*—Not many years ago the board of directors of a large industrial corporation suddenly decided to stop dividends. Before final adjournment every member of the directors present had excused himself under some pretext or other and telephoned orders to his broker to sell stock.

It was considered conventional and proper for a man at the head of a corporation, the "insider," to

take advantage in the market of all secret information. It was usual for those in charge to organize private firms to sell to and buy from the large corporation on terms not at all to the advantage of the latter.

But big corporate business today is, as a rule, done on strictly ethical principles. Never before was there such a keen feeling of responsibility to stockholders, customers, employes and the public. Little real "inside information" exists. In fact the public is promptly informed as to developments in most corporation affairs.

14. *Ethics of a great industry.*—The United States Steel Corporation, the largest industrial organization in the world, has done much to lift ethical standards in business. Assailed by government judicial action, no competitor could be found to malign it; indeed, all wondered at its helpful spirit of cooperation. No employe could give material evidence of deliberate, unfair treatment. The attitude of the corporation in regard to competition and its employes is expressed in the following extracts from speeches made by the chairman of its board of directors:

> In the days gone by, never to return it is to be hoped, it was a common practice for competitors in business to act in accordance with the rule that might makes right, and on the basis that permanent success could be reached and enjoyed only by those having the greatest strength and power or the longest purse. As a result, it frequently happened that the weaker or poorer were crushed and destroyed. A competitor was treated as a common enemy. Methods for his

defeat and overthrow were used regardless of good morals or good policy. Possibly, in some instances, this redounded to the pecuniary advantage of a few, tho even that is doubtful. Certainly, it was not permanently beneficial to the general public; and, from the standpoint of good morals, was a shame and a disgrace.

In passing, it is proper to say that in the long run an unreasonable destructive competition, such as I have referred to, is prejudicial to the best interests of all concerned, including the manufacturer, his workmen, his customers and the general public.

We do not need the suggestions of any one in order to make up our minds as to what we will do when these questions of ethics and economics and politics are brought to our attention. We should be the leaders and not the followers. We should undertake to place ourselves on a plane much higher than the demagogue or the reformer who attempts to assail us and who pretends to be the champion of the laboring man. We do not need any suggestions from people like that. We know what our duty is, we know what the rights of our employes are, and we feel obligated, and take pleasure in knowing that we are at all times doing all we can for the people in our employ in keeping their wages up and in bettering their condition and keeping them in a position where they may enjoy life.

REVIEW

Discuss the moral imperative in business.

What is meant by *caveat emptor?* Do business men today generally regard this as good business as well as good law?

In what lines of goods has the law fixed effective standards, and where has it been ineffective? Why?

Name some lines of business in which low standards of ethics are prevalent.

How have voluntary associations helped to standardize business practice? Give some examples.

What is your conception of Wall Street? Discuss the code of honor prevailing there.

CHAPTER VI

VISION, OR THE IDEA

1. *Imagination.*—Business men as a rule do not realize their indebtedness to imagination. That faculty is commonly thought of, not as a work-horse, but as a thorobred to be driven only by the poet, the artist, the story-writer. The imaginative man is thought of as a dreamer. He may entertain us with the beautiful pictures his mind creates, but we do not expect him to be alert in practical affairs. Few parents would think their son fitted for a business career because his teachers had discovered that he possessed a vivid and active imagination.

This popular view of imagination is erroneous because it rests upon an inadequate conception of the nature of the faculty and upon a superficial idea of business. No man of feeble imagination ever achieved real success in business.

By imagination is meant the mind's ability to recall past experiences—sensations, emotions, feelings, perceptions—and to cause these to reappear in the consciousness in combinations of infinite variety.

The simplest act of the imagination is the recollection of a past experience, as when a man recalls his enjoyment of a recent fishing excursion—the pic-

ture of a mountain brook in which he wooed the trout, or the music he heard at the opera last evening, or the picture of the table at which he ate his first home dinner after coming from the camp. These are all simple acts of memory in which imagination plays its part. More or less vivid copies of the originals are reproduced in the consciousness.

But the mind can do more. It may combine all four of these memories and create a new fishing camp, one where he is casting for trout in the mountain stream, eating dinner from the home table, and in the evening listening to the opera, the singers being staged in a grove of pines under Hamlet's "majestical roof fretted with golden fire." Here we have constructive or productive imagination, fantastic and dreamlike because past experiences are combined in a way practically impossible.

All men possess the power of imagination, and in most people it is a very active faculty; yet much of its activity is purposeless and useless.

2. *Visual.*—The imaginations of many people reproduce most easily sight images, things that have been seen with the eye. This power is the basis of what is commonly called "visual" memory. Some people quickly forget words that are spoken to them, but will easily commit to memory a poem or an oration from a printed page. It is not unusual for a man to recall something that he read as a boy in his geography or history, and to remember exactly whether the fact was stated on the left-hand or right-

hand page or at the top or the bottom of the page.

I know a man who used to sing in a church choir. He was not a very good singer, but he could read the notes and he made a tolerable bass. He has sung no hymns for twenty years, yet he recalls accurately the key of the tune to which each hymn is set. His imagination reproduces before him the page and musical notation of the hymn book. If the music was not actually before him, he could not sing a tune unless his imagination reproduced the notes as they appeared on the page. He has visual memory or imagination. The painter and sculptor possess imagination of this sort in the highest degree.[1]

Men differ greatly in their power to visualize. It is a source of pleasure to the possessor and, as we shall see, can be made to do useful work in business. Without its aid an inventor would be as helpless as the builder who has no tools, or bricks, or lumber.

3. *Sound and other sense images.*—The ability to recall sounds, impressions on the consciousness produced thru the ear, is believed to be rarer than the visual memory or imagination. It is highly developed in the blind, for their visual imagination receives no stimulus. It must be especially strong in the musician. The aural imagination of the deaf Bee-

[1] "A person whose visual imagination is strong finds it hard to understand how those who are without the faculty can think at all. Some people undoubtedly have no visual images at all worthy of the name, and instead of seeing their breakfast table, they tell you that they remember it or know what was on it. The 'mind-stuff' of which this 'knowing' is made seems to be verbal images exclusively." William James, "Psychology," p. 305.

thoven was able to recombine sounds in his consciousness and produce marvelous harmonies. We say of such a man that the music is in his soul. People with an "ear for music" are often able to reproduce a melody after hearing it only once. Similarly we are able to reproduce more or less vividly the sensations of touch, taste and smell, and various painful and pleasant emotions that we have experienced in the past.

4. *Memory supplies the materials.*—The imagination in its constructive efforts is limited to the materials which memory can furnish. It creates no new images of any kind, no new states of consciousness. Imagination is a marvelous builder, but it can accomplish nothing without the aid of its faithful hod-carrier, the memory.

It is clear, therefore, that the imagination of a man who has had little or no experience in business can build for him no new plans or visions that will be of much value. When such a man, not knowing the limitations under which his imagination must work, plans great ventures in business, he fails time and again and is called a visionary. Colonel Sellers, Mark Twain's immortal visionary, had a scheme every few days and there were always "millions in it." He knew nothing about the details of business, yet he had superb confidence in his ability as a fortune builder. Colonel Sellers is still alive; you can find him in almost every town and on every street.

We may think of imagination as a Pegasus in

harness, but the driver must be a man who knows every twist and turn of the road. In front of a green driver, this winged steed delights in a runaway and smash-up.

It is well for the young business man to know that the drudgery of the office, which is so distasteful to him, is essential to his development. As a routine worker he is storing his memory with facts or experiences of which his imagination may make valuable use in later years.

5. *Imagination in science.*—The aim of science, as was explained in the Introduction, is knowledge or understanding. Of what possible use can imagination, the builder of air castles, be to the scientist? He is seeking for truth and can, of course, get some aid from his memory, but, some reader may say, "Imagination does not think or reason and can be of no help to him."

As a matter of fact, the scientist who is exploring new realms of knowledge employs his imagination as much as he does his reason or judgment. When a man is seeking to explain a phenomenon, it is the imagination which constructs the necessary hypothesis.[1] It was Newton's imagination which discovered the law of gravitation; it was his reason which verified it and finally accepted the law as the truth. The theory of evolution had been in existence for many years as a product of the imagination before the patient studies of Darwin and Wallace brought forth

[1] The reader should review the discussion of Hypothesis and Theory in the Introduction to this volume.

data which satisfied the reason. Copernicus, who is credited with the discovery of our planetary or solar system, undoubtedly in his imagination pictured the planets moving around the central sun, and the moon about the earth, before his reason and judgment had weighed and sifted all the phenomena and accepted as true the hypothesis which his imagination had created.

A student who is traversing fields of science that have already been explored, relies most upon his understanding and memory, but when he gets to the frontiers of truth he can go no farther without the aid of imagination. Let the reader use his own imagination and put himself in the place of the first geometer. That thinker saw at a glance the truth of propositions which we call axioms, but the theorems now found in the textbooks were unknown to him. It was his imagination which suggested that the angles opposite the two equal sides of a triangle must be equal. He hunted for evidence, and by a logical use of the axioms in his possession he convinced his reason of the truth of the proposition.

Imagination and memory have played their important parts in the demonstration of all mathematical truths. A man of weak imagination is never a really great mathematician. The arithmetical processes, multiplication and division, which are short processes of addition and subtraction, were suggested by the imagination of man thousands of years ago. Both algebra and geometry, when properly taught, owe

their charm almost entirely to the play they give to the student's imagination.

If imagination, a faculty apparently so irrational, can be made of so much use to the scientist, it would be strange, indeed, if it could not be drafted into the service of the business man.

6. *The ideal.*—Imagination constructs for men more or less definite ideas or pictures of the things which will give them greatest satisfaction. For a man whose chief joy is eating, his imagination plans a dinner which no cook ever sets before him. It is his ideal dinner, and he hopes to eat it when he gets to heaven.

The great artists are never quite satisfied with their creations. Their imaginations have built for them an ideal which they cannot quite convert into reality.

A farmer unconsciously constructs an ideal farm in an ideal climate, periods of rainfall and sunshine at just the right intervals.

The ideal is the highest product of the imagination. Using those past experiences which have given us the most pleasurable emotions, or have proved themselves of golden worth to our reason, the imagination, spurred sometimes by our pleasure-loving senses, sometimes by our conscience, sometimes by our desire for success and happiness, pictures those experiences to us in a combination which seems absolutely perfect. Thus it is we get the ideal. It is a human product and may be far from perfection, yet to every man his ideal has all the qualities of perfection.

Unconsciously the imagination of every man is forever at work building ideals that charm his soul and stir him to activity. The ideals of one man may seem base, vulgar and commonplace to a man of higher type, whereas the ideals of the latter may seem foolish, impracticable, worthless to the man of cheaper tastes.

No man can subdue his imagination and keep it from building ideals. A man's imagination keeps forever at its work and constructs for him ideals in accordance with which he must live. In the firmament of every man's soul there is a polar star—it is the ideal that dominates his life.

Such being the case, it is important that each of us give some thought to the character of the ideals which our imagination is building. If we examine them critically with our judgment, we may discover that their perfection is only apparent, and that their dominance in our life will sooner or later bring us into sackcloth and ashes. While we cannot chain our imagination or hitch it to a post, yet we can, if we will, supervise its marvelous work and make it build for us ideals which we may struggle toward without disloyalty to our reason or to our conscience.

If a business man's ideal is merely the accumulation of a great fortune, is he not merely chasing the pot of gold at the end of the rainbow?

7. *Vision and judgment.*—The reader will have already discovered that imagination is a faculty that

serves no useful purpose unless bridled and guided by judgment and common sense.

To get an idea of what imagination can do by itself a man has only to recall one of his dreams. During our sleep the will and reason are at rest, but imagination, particularly if we have overeaten before going to bed, often amuses itself by galloping around the universe. In our dreams imagination shows us nothing new, but it often makes up most startling combinations out of the materials consciously and unconsciously stored in our memories. The notion that dreams possess any real significance as regards our future belongs to the same category of humbug as the telling of fortunes by cards or by the grounds in a tea cup. Dreams usually mean that we are suffering from some intestinal disturbance, that we are sleeping lightly, and that imagination, perhaps, is seeking to amuse us with its wondrous kaleidoscope.

Let us here recall the fact that the mind is a unit, a single entity, and that what we call imagination is a name we give to one of its powers or faculties. Reason is another power, memory another. Just as with our bodies we can crawl, walk, run, climb, or lift, so with our mind we can reason, feel, suffer, enjoy, remember, imagine. The whole mind is occupied in each one of these forms of its activity. Sometimes, being weary, the mind may lazily indulge in the pleasures of imagination and not seek to make the pictures presented conform to the rules of reason or the facts of memory. When the imagination is permitted to

work in this haphazard, uncontrolled fashion, we call it phantasy. Aladdin's lamp, the Lilliputians in "Gulliver's Travels," the yesterdays and tomorrows of "Alice in Wonderland," are all delightful creations of the phantasy, that is, of an imagination over which reason deliberately held a very loose rein.

When a man attacks a new problem, whether in science or in business, he must use all the powers of his mind. He is like a traveler who must find the best possible route thru a wilderness. His imagination is the telescope with which he now and then brings distant vistas near to him. His judgment aids him in finding the points of the compass. His memory keeps records of the paths he has traveled and helps him to return if he strays. His will keeps him pressing forward.

We cannot measure or estimate the importance of imagination. We know how much our physical comfort and well-being depend upon our eyesight, and what a fearful calamity blindness is, but the loss of our inner vision, our imagination, would be a greater calamity than the loss of physical eyesight.

8. *Idea and ambition.*—Many men seem quite satisfied with life if only they have a job which yields them what they consider a decent livelihood. After school days are over, they strive for no further mental development, but are content to devote what leisure they have to social pleasures, sports and amusements of various kinds. They like to feel certain that their job is secure. They may grumble now and then be-

cause their salary is not raised, for their family expenses increase as time goes on, but they give no thought to self-improvement or to plans for bettering their lot. Such men lack ambition. They bear a very close resemblance to animals of the field; they have a definite number of wants and are fairly content when those wants are gratified.

Ambition is a purely human quality, not possible in the slightest degree in a beast. It makes man dissatisfied with his present status and eager to climb to a higher level. It is the child of vision and desire. The imagination, aided by judgment and memory, creates for us a more attractive, an ideal environment, and pictures in it a stronger, wiser and happier self. It contains for us all the promise of Canaan to the Israelites and beckons to us with such compelling charm that we struggle toward it with all our energy and will. Sacrifices, fatigue, hunger, misfortune, criticism by our friends, the cajolery of temptation —all these things mean nothing to us and fail to stop us. Then we are men of purpose, of ambition. An idea has taken possession of us.

A man who lacks vision will never feel the spur of great ambition. He may greatly desire riches and honor, but he cannot earn them, altho by miserly methods he may accumulate a small fortune.

It is quite possible for a man to possess vision and yet not be ambitious. He perceives the ideal, but does not feel irresistibly drawn toward it. He is content to admire it or to talk about it to others. A man of this

type usually lacks red blood, energy and will; he may get his greatest pleasures out of reveries and reflection and care little about achievement. These men sometimes become poets and philosophers and write books which stimulate the imaginations of thousands of other men, thus bringing to others the beauty of the ideal and the energy and push of ambition. Tho they do not harness purpose with their visions, they give something invaluable to humanity. But the men of clear vision who neither struggle to attain their ideal, nor give to others any mental stimulus, are mere dreamers, intellectual drones.

9. *Idea and enthusiasm.*—The man of real enthusiasm puts his soul into his work. He does so, not because he loves his work *per se,* but because the idea back of the work has made him captive. A so-called matter-of-fact man, a man who prides himself upon taking things as they are, who has no use for theories, dreams or speculations of any kind, is never an enthusiast; in fact, he scorns enthusiasm as a stigma of an ill-balanced mind. He is sure that an ounce of common sense is worth a ton of enthusiasm. No great ideal ever tempts him from his moorings. He may be a faithful, industrious, intelligent worker all his days, but his career in business, or in a profession, will be mediocre, commonplace, uninteresting. Such men often make the best of neighbors and citizens, but they do nothing to make Mother Earth a better place on which to live.

Enthusiasm is the most dynamic of all human quali-

ties. In a sense it is the ideal descended on earth to battle with realities. Men instinctively recognize its high origin and easily surrender to its influence. That is why we say that enthusiasm is contagious. A salesman not charged with enthusiasm could not sell a cake of ice in the tropics. A business organization lacking enthusiasm does not get out of its men 50 per cent of their potential efficiency. The enthusiasm of a manufacturer of funeral caskets, or of an undertaker, is a bit gruesome, but it is a necessary part of his equipment if he is to succeed.

10. *Vision and will.*—The will is a complex mental faculty, and weakness of will often has its origin in indecision, in the reluctance of the judgment to make choice between two alternatives. A man who thinks clearly and feels strongly should have a strong will. A man of high purpose born of clear vision will have an aggressive will. The man of muddled vision, on the contrary, works without a clear-cut purpose in view, and is liable to be weak of will.

Therefore, if we would strengthen our will-power, we must cultivate our imagination and encourage it to build for us an ideal that will bring our whole being into action. The man who wants something with his whole soul, wills irresistibly. He whose desire or purpose is drab, lackadaisical, sentimental, has the will of a jelly fish.

The business man must have vision, not merely that he may plan new undertakings and provide for the contingencies of the future, but that he may work un-

der the stimulus of a great purpose and develop a will which does not quail before opposition.

11. *Genius.*—I will not undertake to define or describe the genius whose creations in art or literature captivate all men, possessing beauty, power and charm far beyond the reach of ordinary mortals. But a few words about the genius in business are worth while. The business genius is not an unfamiliar figure in the United States. His touch is magical. Every enterprise he undertakes meets with astonishing success. He makes new and startling moves, but he always wins. Like James J. Hill he builds a railroad across a desert, or like Pierpont Morgan he consolidates the steel plants of the country, and pays not the slightest attention to critics—and wins. Often these men of genius in business have begun work with a school education that was meager and pitiful. Yet they do not blunder, they judge wisely, they decide promptly, and they succeed.

Foolish people often attribute the success of such men to luck or good fortune. Now luck is a negligible factor in the success of any man, but in the business success of such men as James J. Hill, Pierpont Morgan and John D. Rockefeller, luck played absolutely no part at all. They earned their success because they planned and fought for it.

The business genius is a man whose intellectual powers—his judgment, imagination, memory, will—are all so strongly and finely balanced that they grasp a business situation and solve a business problem with

the rapidity of intuition. Schopenhauer defined the genius as being the man who could see the truth without the aid of logical processes, whereas ordinary mortals, "like moles in the earth," grope about in darkness. Whatever the philosophical explanation may be, it is a fact that certain exceptional men in business, as well as in the arts, possess powers which place them in a class by themselves. They are, in current expression, supermen.

12. *The fixed idea.*—A strong faculty perverted or wrongly used is necessarily harmful. Hence a man of vigorous imagination, if his judgment happens to be biased by prejudice, religion or convention, especially if he is conceited or obstinate, sometimes clings to an ideal with the devotion of a fanatic long after he should have learned by experience that it is inadequate and imperfect. He is a victim of what the French call the *"idée fixe"*—the "fixed idea."

If a man gazes blankly for a certain length of time at any object, seeking to think of nothing at all, he may pass into a hypnotic state and temporarily lose control of his mental faculties, accepting as true and pleasant whatever may be suggested to him as being true and pleasant. Certain natures are similarly impressed by prolonged contemplation of an idea in which they believe. It may be a curious religious faith, or an idea that death awaits them at a certain age, or the idea that imminent peril threatens society from Mormonism or from free masonry. They read no books except those in sympathy with their own

views, and in the course of time become known in their communities as people who have queer views on this or that subject. They are victims of the fixed idea. On all other subjects they may be perfectly matter-of-fact and sane, but when they talk of their pet idea you discover at once that they are in a state of fascination or semi-hypnotism, their judgment no longer working normally.

When the *"idée fixe"* appears in business, it plays havoc with profits. In a Massachusetts village, a country store was kept during the Civil War times by a man of very positive convictions. Under no circumstances would he ever sell any article, however shopworn, for less than the cost. After the war was over the prices of nearly all articles declined rapidly as the greenback appreciated. Our storekeeper found his shelves stocked with goods which could not be sold at the prices he had paid for them. He refused to sell at all, and when his stock was put up at auction after his death, the town roared with laughter as the auctioneer brought forth article after article which had been in stock for over ten years.

The *"idée fixe"* is a symptom of mental disorder. If you fear that one of your friends is falling a victim to it, do not argue with him,—that will make him worse. Keep him from solitude. Give him plenty of company and plenty of other things to talk and think about, so that his mind may recover its poise.

13. *Vision at work.*—The reader's own imagination or memory has doubtless already supplied him with

illustrations of the way in which vision helps a man in business, and perhaps of instances in which failure has come because imagination had not done its part. Yet a few illustrations here may help to clear the reader's thought.

In the seventies, when the telephone was invented, most people could see in it nothing but a toy. It was just an interesting plaything, and capitalists saw little chance for profit in its exploitation, but the imagination of its inventor pictured it in every business house and in every residence, and heard the voices of people talking with their friends miles away, or arranging and closing a business negotiation in a few minutes; miles of travel and personal interviews no longer being necessary. He persevered, and lived to see his vision become reality.

Not many years ago the automobile was a luxury enjoyed only by the rich. Henry Ford's vision pictured to him the automobile's appeal to men of ordinary means, and found that appeal so strong that he at once began to build automobiles that could be sold at a price within the reach of the average man, and for several years he had no competitors in his field.

A man who had had some experience as a janitor in New York City was out of a job and came to a prosperous friend for advice. Said his friend: "If you saw a new apartment house lacking a janitor, could you imagine yourself in that house performing the services of janitor acceptably?" The man replied, of course, that he certainly could. "Then take a walk

and find some new apartment houses, the owners are probably looking for janitors."

The first delivery wagon carrying groceries from the store to the customers was born of imagination or vision. It added quite a sum to the expense account, and the critics predicted that the grocer would have to raise his prices and, hence, that he would lose trade, but the grocer's vision was correct. It was backed by sound judgment.

The advertiser who can picture the advantages or the charm of his article to his prospective customer wins him much more quickly than if he relied entirely on argument or pragmatical description.

A certain well-known and successful public speaker always carefully prepares and rehearses his speech in his room, and the speech he delivers seldom varies by so much as a word from the one he rehearses. A friend once expressed surprise to him that in complete solitude illustrations should occur to him so pat that they seemed to be born of the occasion. "When I get up my speeches," he replied, "I am not alone; my audience is before me then just as clearly as when I am actually delivering the speech."

A man out of a job, or one who is looking for a better position, must use his imagination. Knowing his own capabilities he must picture to himself the services he can render in different lines of business. Has he learned certain good methods that are not in general use in business houses? Then he should go forth and rouse the imaginations of employers by

picturing to them the improvements he can make.

The imagination of some man connected with the American Sugar Refinery Company, picturing the universal dread of bacteria, devised a paper wrap for each individual piece of sugar.

But illustrations are not necessary. The reader of this book will find himself surrounded by ideas that have become realities—the alarm clock which wakes him in the morning, the reenforced heels of his stockings, possibly the rubber heels on his shoes, his fountain pen, his safety razor and shaving stick, his union suit of underwear, his encyclopedia in thin paper and flexible covers, the safety pin—if he is a married man—his dollar watch, his typewriter rubber keys, and so on *ad infinitum*. The reader may object that these are all inventions, and that they mean nothing to him because he is not an inventor. But every new idea is an invention. Taylor, the man who introduced new systems into industry, was an inventor. Pierpont Morgan, who created the United States Steel trust, was an inventor. The department store is an invention. The rural free delivery of mail is an invention. The mail-order house is an invention.

All business progress is the result of invention, and imagination is the inventor.

REVIEW

Do you believe that imagination can be made of value to the business man? How? Does the average business man share this opinion?

If you believe in the statement that the ideal is the highest

product of the imagination, how can you make it serve you to greatest advantage?

What value have vision and judgment? How do they differ from phantasy?

What is ambition, and when does it best serve its purpose?

Of two men, one enthusiastic, the other matter-of-fact, which do you believe will make the greater success in business? Why?

What is the best way to strengthen the will?

CHAPTER VII

PERSONAL EFFICIENCY

1. *Energy, time and space.*—Thruout this book, without having defined the word "efficiency," I have tried to point out the various ways in which business men can make themselves more efficient. The word comes from the Latin *efficio* (*ex-facio*), which means "I do thoroly, completely, triumphantly." Generally speaking, a man is efficient in his business when he devotes his energies to its tasks with such wisdom that all are properly and successfuly done.

To get a clear idea of efficiency let us think of man as a bundle of energy, mental and physical, which must expend itself subject to the laws of space and time, the highest degree of efficiency being attained when a given amount of energy is so wisely directed that a task is completed in the least possible space and after the lapse of the least possible time.

The essence of efficiency is the economy of energy, time and space. When any one of these three is wasted, or consumed without a desired result, we have loss of efficiency. A Yankee farmer's wife of seventy-five years ago, having a multitude of tasks to perform and often being without help, aimed more or less consciously at efficiency. She kept the churn

and cheese-press near the pantry where the milk was stored, thus saving steps; when she went down cellar to get butter or apples, she took with her something that had to be returned to the cellar, again saving steps; and when her morning's work was done and she could rest, she sat down and braided straw hats or knitted stockings, thus saving time. In those old days, when women's work was much heavier than now, the word "efficiency" was unknown, but the housewife who took useless steps, either coming or going, or let any time pass without something done, was in ill repute as being lazy and shiftless.

Today efficiency is most talked of among engineers. They think of it in technical terms as the maximum of result produced by the minimum of energy. An engine which utilizes only 20 per cent of the energy in the coal consumed is said to be 20 per cent efficient, 80 per cent of the energy having been wasted. A machine 100 per cent efficient has never yet been invented, and probably never will be, but to reduce the waste of energy in industrial processes is a problem upon which the engineer must always be at work.

When one's store of energy is infinite or in excess of all possible needs, any loss or waste of energy is left out of account in the measurement of efficiency. From the human point of view nature is a prodigal in the use of energy. The sunlight and the rain which she pours upon the earth, the oxygen and the nitrogen with which she envelops it, might conceivably be utilized to keep a thousand earths fit for human and

animal life. The human eye, one of nature's most wonderful mechanisms, is said by physicists to be much less than 100 per cent efficient. But nature's store of energy is infinite and she has directed its flow thru the countless ages of evolution with such marvelous wisdom that we find everywhere perfect adjustment of means to ends. She did not give us greater efficiency of the eye, simply because we did not need it.

In business, human energy is the driving power, and the supply of it is limited. In measuring the efficiency of a business man, therefore, we must take into account his waste of energy as well as his waste of space and time.

2. *Know thyself.*—Socrates, the Greek philosopher, held that a man took the first step toward knowledge when he recognized the fact that he knew nothing, and that the second step must be to study himself.

Socrates was right, but very few people know what he really meant. Most of us do much more idle thinking about ourselves than is good for us; what we would do if we were rich, how brave we would be if our courage could only be dramatically tested, what great things we would accomplish if we only had opportunity, what fine and useful books we would write if we could only travel, how much good we would do in the world if we only had power. But all this is just dreaming and romancing about oneself. It is not studying ourselves.

The object of study is to get a knowledge of the laws which phenomena obey. We study astronomy, for example, to discover the laws which control the movements of the planets in the heavens. We study chemistry in order that we may know the laws governing the combinations of material elements. As was explained in the Introduction, we understand no phenomenon until we know the laws to which it is subject. To study yourself, therefore, means that you must think of yourself impersonally and endeavor to find out what you are capable of doing and what motives impel you to action. Many a man knows less about himself than he does about his horse or his dog. A spirited horse cannot be safely driven by a man who does not know him. Most of us study our friends more than we do ourselves and could pass a better examination on their qualities than we could on our own. A man is too prone to think that he can accept himself as a highly finished product and that this world would be a paradise if only other people were better.

You are a very complicated machine, and you are the only person that can drive it, or in any way improve it. Your friends may know a great deal about your powers, mental and physical, and about your deficiencies and efficiencies, but they cannot make you over. If you want your machine to be in the best possible running order and to do the work for which it is best fitted, you must know it more thoroly than

you do your horse and dog. Once knowing your powers and their limitations, you will then be able to set for yourself a goal which you can reach.

3. *Be thyself.*—Ambitious young writers are always advised against imitating the style of their favorite author, and they usually do not follow the advice. They want to write like Stevenson, like Dickens, like Thackeray, like George Eliot, or like Thomas Carlyle, and they cannot understand why they should not strive to write like their model or ideal; yet no writer ever achieved distinction who did not put himself into his books and create his own style.

In all our human relations, a certain degree of humility of the right kind is an asset of value. Even when a man knows that he is unfit for a high position that is offered him by chance or thru friendship, his pride or love of approbation may impel him to accept the coveted honor or position. If so, he lacks that true and honorable humility which makes a man frankly decline positions of honor for which he knows himself to be unfitted, whether his unfitness be due to temperamental weaknesses or to his lack of experience and knowledge. True humility permits a man to strive only for that for which he is prepared. The humility of Uriah Heep was an odious counterfeit of the real quality.

No man lacks humility because he believes he is destined to do things worth while in this world. That is exactly what every young man should believe about

himself. But if he wants his faith in himself to be vindicated by events, he must be content to be himself and to develop to the utmost those faculties in which he specially excels. If he seeks to make himself like somebody else, like some man whom he happens to know and admire, or whose position in the world he regards with envy, he will fail to make the most of his own powers and will be a second-rater. A man who has studied himself knows best what he can do and will achieve most if his constant aim is self-development and self-expression. That is true whether he writes poetry, builds railroads, or sells newspapers.

I do not mean by the foregoing that a man can learn nothing from a study of the achievements and characters of other men. That would be manifestly untrue. The great generals of today have learned much from their studies of the campaigns of Napoleon and Julius Cæsar. Every young American today can find encouragement and positive help in the autobiography of Benjamin Franklin and in the lives of such men as Andrew Carnegie, James J. Hill and Philip D. Armour. But there will never be a second Napoleon or a second James J. Hill. When the name of a great general does suggest to us that of Napoleon, we find him to be, not an imitator of Napoleon, but a man who has learned from a study of Napoleon's campaigns some of the fundamental principles in accordance with which a battle should be fought. Our next great railroad builder may make

us recall the work of James J. Hill, but that next builder will not be an imitator of Hill or of any other man.

"But," some reader will say, "I have not the brains, nor the opportunity, nor the necessary capital. I am just an ordinary man and must be content with ordinary success." No man has a right to talk or feel that way. There is in every man the power to do something worth while. In each man's breast, so to speak, there is a hidden diamond. It is his business to find it, for nobody else can. That diamond is his best self, the self that he is capable of being. If he finally becomes that best self he will successfully do the work he aspires to do and receive a satisfactory reward.

Personal efficiency demands that a man be himself and not seek to be like somebody else.

4. *Temperament.*—Artists are popularly supposed to have a monopoly of temperament; on that account people excuse them for any kind of eccentricity of dress or behavior. As a matter of fact, however, all of us have our peculiarities of temperament, and these must be taken into account when we are planning our careers or the day's program.

By "temperament" I mean our natural disposition, that something within us which determines how we will feel and act at various times and under various circumstances. Some men seem to have been born with a sunny and cheerful disposition, others with a sour and gloomy one. Some are emotional and sen-

sitive, while others are stoical and thick-skinned. Some are naturally systematic, logical and orderly, while others seem incapable of appreciating the importance of order and system, and yet often accomplish great results.

Men differ quite as much as dogs. No dog fancier would think of training a water spaniel to do the work of a pointer or a coach dog. Temperament or disposition seems to be fundamental and unchangeable. A man who wishes to make himself 100 per cent efficient must certainly take it into account.

A man of the highly mental and nervous temperament should manifestly not enter upon a career in which physical endurance or muscular power is essential to efficiency. A man who dislikes intellectual effort, but loves physical activity, should choose a calling in which muscular dexterity and power are a real asset. The man who instinctively dreads loneliness or monotony, but who will work with tremendous energy if he has companions and variety, should choose a business which will give him plenty of human contact. The man more given to meditation and philosophy than to action should not assume business responsibilities. He may be a fairly good routine worker in business, like Nathaniel Hawthorne, the great American novelist, or like Charles Lamb, one of England's choicest essayists, but he will not really be a business man.

If a man studies himself he will know his own temperament and be in a position to choose that career for

which he is personally best fitted and to fit himself for it by the right kind of training. What his training ought to be depends entirely upon the peculiarities of his temperament. A standard training suitable for all is impossible. There can be no such thing as a school of efficiency. Each man must be his own schoolmaster.

5. *The efficient mind.*—It must be evident that a man cannot do all that has been prescribed in the foregoing sections unless he has trained his mind to be an obedient servant. The whole aim of education on the intellectual side should be to develop the power of clear and honest thinking. A man whose mind delivers to him judgments perverted by passion or prejudice has an inefficient mind. His first duty is one of mental discipline. He must correct his mental bias and make his mind look straight into the heart of things.

It is exceedingly difficult to convince a man that his mental processes are not entirely normal. I have often tried to do it—sometimes with college professors—and have invariably failed. And, of course, it is almost paradoxical to expect the man to discover the fact himself. That is one of the reasons why it is so important that a country's educational system be of the right kind, and that our public school teachers seek to develop their pupils' judgment and reasoning power as well as to store their memories with information about matters geographical and historical.

To be on the safe side a man seeking to increase his efficiency should assume that his mind needs all the training that he can possibly give it. Perhaps he cannot go to a school or to a university, but that is not necessary. Scientific books are numerous and cheap. Let him take up some science and thoroly master it. Let him think as he reads, and so discipline his mind in the pursuit of truth. No man is too old to take up a new science with interest, and no man's mind is so fine and efficient that further study and discipline will not improve it. The man who lets his mind lie fallow for long intervals will often fall below par in efficiency.

6. *Purpose.*—The man who drifts and lets himself slip along with the current because he thus is spared the pain of willing and of overcoming obstacles, never reaches a harbor. If we are to think of life as a sea upon which destiny has cast us, surely we must use reason as our compass, and then decide upon the port toward which we shall steer. If we row aimlessly without a compass we shall merely circle about our starting point.

A man without a purpose is as useless as a ship without a rudder. He accomplishes nothing. His efficiency is zero. He may be very busy and active and possess all the external attributes of the hustler, but his activity is like that of a romping dog or of a two-year-old child—useless because aimless.

Find out what a man's purpose is in life and you have the measure of his soul. Has he followed Em-

erson's advice and "hitched his wagon to a star"? Then you need not worry about his brains or his will. He may be driving a poor team, but the chances are that he will reach his destination on time. When purpose has once taken possession of a man's soul, he does not hesitate to use the whip.

A man's efficiency depends absolutely upon the strength of his purpose. Systems, time-cards, stop-watches, records, drills, calculated economy of time and effort—all these things are worthless fiddle-faddle not making for a single atom of efficiency unless a man's spirit is blazing with purpose. Morally the purpose may be bad or good, it makes no difference. The purpose must be there and it must own the man's soul. Then he will push on toward the desired end with all his energy, choosing the straightest path intuitively. He will need no coaching in those methods and devices of artificial efficiency which have been invented for the listless and purposeless. His efficiency will be the product of his own soul and will be a law unto itself.

It does not follow that a man should give no heed to the various external details of efficiency. It goes without saying that he should order his life and business so that his time and strength shall not be frittered away, his health injured, or his hours of play and recreation reduced; that in his business he should concentrate, and not spend ten hours a day at his desk when five hours of effort more wisely directed might do the day's work. The so-called short-cuts and la-

bor-saving and time-saving devices of the efficiency experts are valuable and must not be ignored, but the secret of personal efficiency does not lie in them. It is in the man himself, in his purpose, in his ideals, in the heart of his desire. A man of weak will and feeble desire is doomed to be inefficient. As a Methodist would say, he must be "converted" before he can be saved and become a real man.

7. *The dominant trait.*—"That is all very fine about having a purpose," I hear one of my younger readers say, "but how am I to get the purpose?" That is a legitimate question, and I must admit that I may not be able to give a satisfactory answer in a page or two. It brings up that old and difficult problem, "What shall be my career? What business shall I prepare for? Am I now in the business for which I am best suited?"

To be most efficient in business or in any calling a man should be in a position which gives him opportunity for the employment of any special ability he possesses. A dominant trait will usually be found in every man's character. Some men have a passion for order and system and are miserable in the midst of confusion. Men of this kind often excel in mathematics. In business they are usually at their best as systematizers or organizers, and if they have tact they make good office managers. Details do not escape their attention.

Other men have vivid, active imaginations and are forever planning and scheming. They care little

about system and order, and do not like details or drudgery of any kind, but if they have common sense and are good judges of men, they associate themselves with men of opposite traits and are successful.

A man of cheerful, friendly disposition, whose memory is his strongest mental faculty, has the essential traits of a good salesman.

Advertising offers a rich field for the man in whom a trained imagination and sound common sense will work in the same harness.

A man whose strongest trait is dogged persistence or perseverance, even tho he has but ordinary intellectual gifts, is likely to succeed in almost any business. He should not waste time trying to decide what his career shall be, but should seize the first opportunity to get into business.

It is not necessary for a young man to worry much about the kind of business for which he is best fitted, the one that will rouse him to his highest effort and in which he will be most efficient. If he has studied himself thoroly and given himself the best possible education and preparation, he should seize the best opportunity available at the start and then trust a little to fate. Every year of experience in business will add to his knowledge of himself, as well as of business, and soon the career of his choice will stand clearly before him.

A man's first purpose, therefore, should be to make himself fit for business; then his second purpose, to discover the business for which he is best fitted; then

that crowning purpose, to realize his ideal in that business.

8. *The head and the heels.*—There is a story of an Irish maid who answered a "general housework" advertisement, and when asked what wages she wished, replied: "That depends, mum; five dollars if I have to think, three dollars if I don't." Her heels were cheaper than her head.

As I have had occasion to say several times in this book, thinking is work and the average man declines to think unless the situation compels him to. If a man desires to increase his efficiency, however, he must at all times be willing to think and plan. He must think as he plans the program of the day, and still more as he plans the business program for the week or the month. Before the end of his business year he must think intensely about plans for enlarging or bettering his business during the coming year. Whatever his position in business, whether that of manager or of subordinate, he will not be really efficient unless he thinks and plans in order that there may be improvement in his work. In other words, a man desiring to be efficient must be constantly seeking to "make his head save his heels."

As everybody knows, the general of an army who enters a battle without having carefully thought out a plan of campaign is pretty certain to meet defeat. A man who builds a factory without having first carefully considered the costs, the supply of labor and his marketing problem, can succeed only by a lucky

accident. In the case of big enterprises the necessity for thinking and planning is evident. It is in the small affairs of business, in the daily routine, that men get into a rut and jog along as if no further thinking and planning could be of any use. Efficiency requires a mind alert, always on the lookout for better ways of doing even small things.

9. *Habit.*—Habit may be a man's enemy or his friend. If a man desires to be what is called a "top-notcher" in efficiency, he must make habit his ever faithful ally.

A habit is the result of repetition. It is habit that makes most of us right-handed. Any boy can quickly become left-handed if he has the will to do with the left hand what he formerly has done with his right. Eating three meals a day is a habit with most people; when the dinner hour comes they eat whether they are really hungry or not, and they usually think they are hungry. Walking itself is a habit, acquired in childhood after almost infinite practice.

When we have done anything in a certain way so often that we automatically do it whenever the occasion arises, we have acquired a habit—we can now do one more thing without conscious thought beforehand. Since there are many things which we do day after day, it is evidently desirable that we find the best way of doing each and do it the best way regularly until finally the doing becomes a habit. A business man, to be efficient, should have the habit of punctuality, of attending to correspondence

promptly, of going to bed and getting up at regular hours, of daily exercise, of courtesy to all with whom he deals, of tact, or consideration for others, of even temper, of square-dealing, of concentration. *In other words, he must have before him an ideal and get into the habit of acting just as that ideal would act in his place.* Only in this way can he form habits which are his friends and helpers.

Bad habits are the product of indolence. Most people do not like to think, and they do things off-hand in what seems to them the easiest way. A man who learns to play golf without an instructor must think and practise a good deal before he can even grip his club properly. The best way of doing any thing does not always seem at first the easiest or the most natural. We learn those best ways only by thinking and practice, and that means work. Hence most of us go about handicapped by several bad habits, losing time and wasting energy.

Many of our habits are formed unconsciously. Hence a man who would know himself must be careful to scrutinize that part of his conduct which springs, as it were, from his second nature. He must find out his bad habits and correct them.

It takes a strong will to master habit. When a man has done a thing the wrong way so often that the performance of the task is automatic, his very soul seems to rebel when one seeks to make him change. His intellect will argue that his method is for him better than the standard method, for he is

used to it. It is possible that after a certain age man cannot change his habits for the better. The particular year in which a man's habits are recognized as a fixed and unchangeable part of him must be regarded as the beginning of his old age, and we are not now particularly concerned about the future of his career.

Since it requires a strong will to smother a bad habit and develop a new and better one, there is here a chance for the man aiming at efficiency to "kill two birds with one stone." If he will strive persistently to correct some of his bad habits, however harmless they may seem to him, he will at least have the satisfaction of strengthening his will.

10. *Environment.*—Unconsciously we are all imitators. If a Kentucky youth of twenty should move to Boston and live there twenty years, his Southern accent would be lost in the East wind. An American youth who spends a few years in a European university comes home with manners that startle his native townsmen, but his imported manners last only for a season or two. If a young man begins his business career in a concern whose methods are slipshod, bustling and noisy, he will, in spite of himself, acquire some very bad habits. It is most important, therefore, that a young man's first business connection be with a house that is run on first-class business principles. The character and quality of his associates are to him of much more consequence than the nature of the business.

The ideal environment for a man who wishes to grow in character and efficiency must be one in which business is done in the best possible way, and in which his own abilities are often put to serious test. The efficient man does not look for easy jobs. The more hard work he gets the more he smiles. He has no interest in the clock. When the man above him is off duty from sickness or for any other reason, he is glad of the chance to do double work. Difficulties, obstacles, perplexities do not make him sick. The harder the problems he has to solve, the greater his pleasure and the more rapid his growth.

11. *Poise, or self-possession.*—A man who knows himself, who has learned the best way of doing a thing, who thinks before and while he acts, is not a loud-voiced, bustling swashbuckler in business. He need not seem to be a hustler, or to be in any way leading the strenuous life. He will have such command of himself and such confidence in his ability to do the right thing that his tasks will be done easily and without apparent effort.

Poise is an exceedingly important trait. It means perfection of balance, the harmonious adjustment of all the faculties. The highest degree of efficiency is impossible without it.

When a man lacks poise he may get excited and blunder thru hasty judgment, or he may lose his temper and for hours be nervously unfit in consequence, or in the presence of important customers he may be embarrassed, all his faculties momentarily go-

ing on a strike, or he may foolishly seek to conceal a mistake and save himself from blunder, or he may show his pique and disappointment if another happens to get credit for his good work. The man of perfect poise does not worry about non-essentials. His concern is the work he has to do. Everything else is of minor consequence. What matters it if now and then another gets credit which really belongs to him, or if he is bidden to do something which properly is the task of another, or if he is inconvenienced by the postponement of his vacation, or if he fails to receive a hoped-for increase of salary, or if his immediate superior has a bad temper and is now and then harsh and unjust? Thru it all he keeps his balance, is courteous, even-tempered and everlastingly at work. He knows that his future lies in his work and that the petty little annoyances of today are of no more consequence than the "thankyouma'ams" on a country road.

12. *Weak spots in character.*—I have said that a man must rely most on that faculty in which he specially excels. Yet he should not neglect the weak places in his character. A man naturally disorderly and unsystematic should cultivate a love of order and system. He may not see the charm or advantage of order. He may be order-blind, as some people are color-blind. He must recognize his weakness and seek to correct it. Let him begin in a small way; for example, be orderly and systematic in the treatment of his mail.

If a man is a confirmed procrastinator he is the victim of a vice which he positively must cure. The man who puts off until tomorrow what ought to be done today kills business. Procrastination and efficiency are born enemies.

A man may be of a very sociable disposition and waste time visiting and gossiping with his associates; he wastes not only his own time, but that of others. In business hours only business should be talked about or thought about.

Some men, otherwise excellent in all respects, are long-winded talkers. So marvelous is their flow of words that they take five minutes to answer a question which should be answered in ten seconds. A man of that sort, having discovered his weakness, should practise the art of condensation. It would do him good to read a column article in a newspaper and then put the gist of it into five short sentences. Business men have no time for unnecessary or unimportant details. The really efficient business man does not even see them.

Truthfulness, candor, courtesy, tactfulness, health —these five things and all those qualities which are mentioned in the chapter on "The Efficient Business Man," it should go without saying, must be striven for by the man seeking to increase his personal efficiency.

It is well to remember these words of Bacon: "A man's nature runs either to herbs or weeds. Therefore let him seasonably water the one and destroy the other."

REVIEW

How would you define efficiency?

What did Socrates really mean when he said "Know thyself"?

How should temperament affect a person in choosing a career?

What do you understand by purpose? What is its value, measured in terms of efficiency?

What habits should a business man cultivate, and how can he acquire them?

How is a good environment helpful to any one in business?

From your experience show why a business man with poise tends to be successful.

Give illustrations of how the weak spots in character can be corrected.

CHAPTER VIII

HEALTH

1. *The strain of business.*—Excepting physicians, few people not actively engaged in business realize what a strenuous game it is. Even the small business man, whom mediocre success will satisfy, cannot escape the terrific pull and strain. It may be quite as hard for him to make a profit of $2,000 a year as it is for a man of larger type to clean up $25,000. Each is surrounded by competitors of about his own size who are doing their utmost to make his profit problem a difficult one. Each will have his cares and worries and defeats, and the little man will groan under his load quite as much as the bigger man does under his.

We all know that worry and anxiety are enemies of good health. It is an old saying that it is not work but worry that kills. Unhappily, it is impossible for the ambitious man ever to be entirely free from occasions for worry and anxiety. Big orders may be coming in and large profits seem in sight, but the newspapers are full of reports of labor troubles. "Will my men, knowing of the increase in my business, strike at the critical moment and demand higher wages?" This is a very serious question in the minds

of all business men with large pay-rolls. Perhaps a man needs more capital in order to take care of his growing business, and has difficulty in getting it; or a note may be near maturity and some of his best customers are unexpectedly slow with their remittances, so that he must get a larger credit at his bank. In business, man is exposed to countless such sources of worry and anxiety. Some of them are foreseen and dreaded. Others come upon him unexpectedly and may give him sleepless nights.

Evidently the business man must take care of his health. If he is physically weak or unfit he will sooner or later break down. In this chapter we will discuss some of the simple rules and signs of health, and certain common causes of weakness and disease.

No argument should be needed to convince any man that health and a good physique are business assets. If a reader is sceptical, let him attend a meeting of successful business men in one of our large cities, or get statistics of the physical measurements of our foremost bank and railroad presidents. The men of power in Wall Street are nearly all big and strong. The leading merchants and manufacturers of New York City, as they gather at a meeting of the Chamber of Commerce or of the Merchants' Association, make an impression of physical vigor and energy that could not be equalled by a convention of farmers.

2. *What is a strong body?*—The physician feels of a patient's pulse to learn the rate of his heartbeat.

The average American estimates his strength by the size of his biceps, a muscle of the upper arm. It is taken for granted that a man with well-developed arm muscles has a strong body. Yet from the point of view of health and endurance, a strong-armed man may be a weakling.

When I say that a business man should have a strong body I do not mean that he should have the muscles of an athlete. His arms need not show any signs of unusual strength. In fact, in no part of his body need there be a remarkable development of muscle, and yet the entire body may deserve to be called strong because of its perfect condition.

A strong body is one in which all the muscles, because in daily use, perform their functions properly, giving the necessary support to the vital organs.

The muscles of the arm are comparatively unimportant and can be left to take care of themselves without fear of harmful consequences. The most important muscles of the body are often most neglected by men seeking to improve their health; these are the muscles of the neck, of the chest, of the abdomen, and of the feet. If these muscles are weak, the body's power of resistance will be weak, so that diseases of various kinds will find entrance.

A well-known university professor a few years ago was suffering severely from what his doctor pronounced heart disease. He went to the German health resorts and found temporary relief. A number of American specialists examined him and gave

various prescriptions, but his heart grew worse. Finally he was examined by a physician who had been an athlete in college and who knew by experience the sinister effects that follow the weakening of various muscular tissues. After an examination lasting about five minutes, this doctor said to his learned patient:

> My dear sir, your heart disease is all below your waist line. You have been eating too much. Your abdominal muscles are very weak, and your stomach, when you stand, is two inches below where it ought to be. We will artificially support your abdomen; then you must eat and exercise properly and you will be all right.

At the time the professor was unable to walk a block without intense suffering. A week from that day he climbed five flights of stairs to have an hour's visit with an old chum. He has followed the athletic doctor's advice about exercise and now has a fairly strong body.

A man who has passed his fortieth year and has permitted his abdominal muscles to weaken thru disuse is liable not merely to attacks of "heart disease," but to various aches and ills that are traceable to imperfect digestion.

The human neck is a conduit for the body's trunk lines connecting the brain with the vital organs. Its muscles should be firm and healthy in order that the nerves and circulatory system may be sheathed and protected against injury.

Strong chest muscles keep the shoulders back and make deep breathing easy. When those muscles are

weak a man's diaphragm is usually also weak, and he falls an easy victim to stomach, throat and lung troubles.

3. *Sound nerves.*—There are many diseases of the nervous system, and most of them are difficult of treatment. It is not necessary for the layman to know anything about these diseases. All he need know is that a man who keeps his body strong, or in good condition, will not suffer from nervous diseases.

The business man needs a sound nervous system. If his nerves are in bad condition, whether because of dissipation or auto-intoxication, he will be irritable when he ought to be pleasant, restless when he ought to be in repose, unsteady and excitable when he ought to be calm. Bad nerves have shipwrecked many a business.

Physicians agree that the health of the nervous system is bound up with the general health of the body. To get good nerves and keep them, a man must live right and give his body as conscientious care as his chauffeur gives to his automobile. He must see to it that his body is clean inside and out, that every muscle is in a position to function properly. Of course, if a man is suffering from a nervous disease, he should consult his physician.

Civilized man has probably abused the foot more than any other part of the body. Few people know that proper care of the foot is essential to health. The foot carries the entire weight of the body during a large part of a man's waking hours. It should, there-

fore, be so shod that all its muscles and joints may act easily and naturally. Yet most men wear the shoes that fashion prescribes, and in consequence suffer from flat foot, fits of nerves and unaccountable irritability. Neurasthenia, from which so many women suffer, some physicians attribute to the artificial, unnatural shapes of women's shoes. The shoes are artificial because they are not built along the lines of the foot; hence walking or standing is painful and the nerves are racked. However, no woman, if she is wearing a pretty shoe, will admit that it does not perfectly fit her foot. But a business man must have sense enough to let his feet be all day just as God made them; otherwise he will have "nerves."

4. *Relation of body to mind.*—Psychologists hold that all the operations of the mind are the reflex of changes taking place in the brain. A normal, healthy mind implies a normal, healthy brain. If a man has imperfect digestion his supply of fresh blood is inadequate and all parts of the body are below normal; the brain has less than its normal supply, and the mind cannot think clearly or vigorously. The proverbial gloom or pessimism of the confirmed dyspeptic has its origin in the half-starved condition of the brain.

The strength of the mind and of the will are dependent upon the health of the body. A business man who thinks he can neglect his physical health and yet be as shrewd, far-seeing and resolute as ever, is the victim of a serious delusion. A perfectly well man easily finds his way out of difficulties that would floor him if

he were sick or only half well. The man who is not in good physical condition seldom gives birth to a new idea in business. Not only does he lack imagination, but he lacks also the grit and resolution necessary to carry a new idea into effect.

5. *Health must be earned.*—Health is not a gift. It must be earned by the sweat of a man's brow. In no other way can a man get and keep a healthy body and a sound mind.

Most people act as if they thought that nature owed them strong and healthy bodies. When they do not feel well they blame the weather, or the cook, or the bad air in their office; and some seem to think themselves the victims of a wrathful Providence. That health is within the reach of every normal man—one not already suffering from organic disease—is absolutely true. The average man when out of order goes to his doctor and expects to get medicine which will make him well, but no doctor can make a man really well. All the doctor can do for a sick man is to help nature remove some of the poisons and obstructions which he has allowed to accumulate in his body. If a man really wants health he must get it by his own effort. His ancestors could not give it to him and he cannot give it to his descendants. Health is a reward which kindly nature gives us when we obey her laws.

It is a fundamental psychological truth that man has to earn all the fine things he enjoys. Pleasures not earned do not please. Appetite not earned is the

forerunner of indigestion. The listless, idle, inactive man or woman is the prey of *ennui,* disgust with life, boredom. The child who gets the pleasures and toys it wants merely by asking for them, gets little joy out of them, not merely because it is sated, but because the parents have violated a law of nature and sought to give it that which really cannot be given.

"If you want knowledge," said Ruskin, "you must toil for it; if food, you must toil for it; and if pleasure, you must toil for it."

Health is one of the most precious of all possessions, but, like all the other good things of life, it must be earned. In the next few sections we shall discover how to earn it. The task is easy and the reward certain.

6. *Exercise.*—The word exercise suggests dumbbells, Indian clubs, walking, running, vaulting and various outdoor games. All these are forms of exercise and a man should indulge in some of them as much as possible, especially those which he enjoys; but exercise as a means of earning health need include no games, or long walks, or hours in the gymnasium, or weights, or apparatus.

The purpose of exercise for health is to give all the muscles of the body a chance to use their strength, for an unused muscle weakens. It is not necessary here to prescribe any set of exercises. The reader can get for a nominal price at almost any bookstore or from any dealer in sporting goods a little book with com-

plete instructions. Or he can send to Washington and get the "setting-up" exercises prescribed for the United States Army.

It does not matter much what set of exercises a man adopts if only they bring into play all the muscles of the body. That is absolutely essential. In no other way can the human machine be kept clean inside and out; and cleanliness of that kind is the secret of health.

Furthermore, the exercise must be regular. At least half an hour a day should be given to it, and not a day should be skipped. If a man is traveling, let him invent substitutes for his home exercises and so let his muscles know that he is not forgetting them. If he rides in a Pullman car, he can exercise in his berth.[1]

Many people declare positively that they cannot bear to do lonely exercises in their rooms. That is all nonsense. They are merely making an excuse for their laziness. They do not realize that setting-up exercises, persisted in month after month, will give them far more pleasure than they get from their breakfast. The most confirmed coffee drinker, if he could be persuaded to do the setting-up exercises regularly

[1] The Spalding's Athletic Library contains some excellent little pamphlets on health and exercise. One entitled "Tensing Exercises" by Edward B. Warman will prove valuable to any business man.

The "setting-up" exercises mentioned in this section are found in a little book issued by the War Department, entitled "Manual of Physical Training for use in the United States Army." It can be bought from the Superintendent of Documents at Washington; price 50 cents.

Sanford Bennett of California has invented some ingenious exercises which can be done while in bed or in the berth of a Pullman car. He describes them in a book entitled "Old Age—Its Cause and Prevention," published by the Physical Culture Publishing Company.

for a month, would soon discover to his surprise that he did not care whether he had a cup of coffee at breakfast or not.

Some people object that they cannot spare the time for setting-up exercises because they have to leave their homes so early to get to their places of business on time. If they have been rising at seven and are advised to rise half an hour earlier in order to get time for exercise, they groan. They *are sure* they do not get sleep enough even tho they stay in bed until seven o'clock, and it is very difficult to convince them that a half-hour of exercise will do them more good, body and soul, than that last half-hour in bed. They do not know that a half-hour of exercise, persisted in daily, would make them sounder sleepers, so that they would feel better after seven hours in bed than they now do after eight.

If you really want health there must be no excuses. You must work for it. Everybody has time enough.

If you can spend half an hour in a gymnasium playing handball with a chum, so much the better; then you will not need the "setting-up" exercises. That is the way a successful New York restaurateur keeps in the pink of condition. He rises at six, plays handball for half an hour, breakfasts at seven, works until midnight, and is up again the next day at six. He is keeping well, is making money, and says he enjoys life.

Exercise at least twenty minutes every morning,

and so vigorously that you perspire; then your bath, then your coffee—if you want it.

Begin tomorrow morning and keep it up one month. Then you will know more about health than you could possibly learn from any book.

7. *Play.*—For several thousand years the human race has had a chance to study itself and think about its needs and what is good for it. Yet many people today think that play is a waste of time. You will hear them say, "I never play cards or billiards. I never had any time to throw away on such things."

In the normal man the love of play is instinctive. When a man no longer has any taste for play, old age has got him. So long as a man loves play and hails with joy every chance to play, old age dare not go near him.

Play, fun and laughter are agents of health. They promote digestion, soothe the nerves, stimulate the circulation, give power to the heart. While you are at play those parts of your brain which you are using constantly in business or at your work are relaxed and in repose. Other parts of the brain are active and the whole body is being charged with new vigor. When your play is done you can sleep without dreaming of your business difficulties, and the next day the chances are that you will get much more business done than you would have if you had kept your nose constantly on the grindstone. A man who does not play cannot be 100 per cent efficient, for much of the time he works with a tired mind.

There are countless ways of playing and each man must select those he enjoys most. It is usually wise for a man to have different modes of play and relaxation. Golf is at present a popular sport and has undoubtedly saved the lives of many business men, besides increasing their efficiency, but the man whose only sport is golf is not utilizing his play instinct to the greatest advantage. Any game played to the exclusion of others—whether golf, tennis, bridge, whist or billiards—does not always yield the maximum of benefit. The law of variety holds in play as well as in other forms of human pleasure.

Many forms of play exercise the muscles, make us perspire and breathe deeply of fresh air, and in that way are beneficial to health, but *the second value of play lies in the effect it has upon the mind and those organs of which we are normally unconscious, such as the ductless glands, the liver, the stomach and the heart.* If a man spends half an hour a day at the setting-up exercises, it does not matter much whether his play is indoors or out in the open.

8. *Right mental attitude.*—Much has been written in recent years about the influence of the mind upon the body, and some extremists go so far as to hold that all disease has its origin in the mind and can be healed by some process of right thinking.

We need not here discuss the merits or demerits of any of the modern cults based upon the power of the mind over the body. It is enough for us to know that the mind and the body are intimately connected and

that each in a mysterious way is dependent upon the other. As I said in a former paragraph, laughter promotes health, and anything which promotes health is an enemy of disease. It stirs to activity those little things within us which the physicians call "anti-bodies," whose business it is to police our insides and club into oblivion all hostile bacilli. If this theory of the physicians is correct, a man in a laughing, cheerful, kindly mood has an army of active anti-bodies at work in him, and is less liable to be sick or to become fatigued or exhausted than if his mood were one of discontent, grief or despair.

A physician tells of an interesting experiment made upon a cat. Fifteen minutes after the cat had eaten generously of raw beef it was placed under the X-ray, and its stomach was seen working vigorously and rhythmically while Tabby purred contentedly. Then a door was opened and a dog admitted into the room. Instantly the cat's stomach became rigid; and it did not resume its activities until ten minutes after the dog had been ejected. Here is an illustration of the effect of fear upon the unconscious and automatic activity of a most important organ.

It is certainly important for a man to get the right mental attitude not only toward his own business but toward the world in general. Let him convince himself that this is a good world, that living in it is worth while, that he is going to enjoy it as much as possible, and that he is going to help others to enjoy it, for that will give him pleasure. Man is gregarious; he

loves company; he works more cheerfully and efficiently with others than alone. He likes cheerful, contented people about him, for then he the more easily maintains his own cheer and content. If worry comes he must banish it; he will escape from his difficulties, not by worrying, but by thinking. One of the advantages of play is that it helps a man to forget his worries and tones up his mind for a fresh attack on their cause the next day. The man who gives willing harborage to any of the evil passions weakens himself much more than he hurts others.

9. *Ready remedies.*—It should go without saying that a man who practises the gospel of health laid down in this chapter will need no medicines of any kind, but we all have our weak moments and are liable to indiscretions of conduct which bring in their wake headaches, constipation, "biliousness," and then we are tempted to see whether we cannot "get well quick" by trying some remedy which all our friends declare to be efficacious and perfectly harmless. But there is no such thing as a harmless drug. Any drug which will relieve a pain in the head is a poison; that is, it interferes with nature's way of doing things. Physicians know this truth perfectly and so are very earnest and sincere in advising against the use of medicines unless administered under competent medical supervision. Physical pain is nature's danger signal. A toothache gives you notice that you have not kept your teeth clean. The ache of a corn warns you that the shoe does not fit. Influenza is nature's notice that

you have eaten too much, or that you have been breathing impure air, or that you have been derelict in your exercises.

In every drug store there are ready remedies for almost every kind of human ailment. They are known as proprietary or patent medicines, and people can easily be found who will testify to the virtues of each one of them. These ready remedies do a great deal of harm, not only because in the long run they injure the health, but because they perpetuate the illusion that somehow health is to be found in a medicine bottle or in a pill box, and so they keep people from learning the important truth that health really can be got only by right living. When serious sickness comes, then a man should consult his physician. To swallow drugs unprescribed by a doctor is gambling with disease and death.

10. *Alcohol and other habit-forming drugs.*—The kind of people who read the Modern Business Texts need not be warned against John Barleycorn in whatever guise he appears. They doubtless know that he is an enemy of efficiency and that the man who associates with him can never achieve high success.

Sometimes we hear people talk as follows in favor of alcohol and other so-called stimulants: "The strenuous exactions of modern civilization make necessary some use of narcotics and stimulants. We do not tire our muscles with heavy outdoor work as did our ancestors and we really need something to quiet our nerves and make us sleep." Or we hear people

talking like this: "I do not believe in drinking too much, but a glass of beer or whiskey now and then does no harm and they certainly do liven up a company." Such people do not know that alcohol is a poison, a drug which produces abnormal changes in the tissues of the body and cells of the brain. These changes are at first pleasurable. Anxieties, fear, discontent seem to fade out of the consciousness. A cocktail, as some one has said, "throws a thin veil over reality," making the hard facts of life soft and pleasant. All this seems very delightful to the man taking his first drinks. No one could convince him that the pleasure he enjoys is subtly weakening his will, and that if he does not stop at once the day will certainly come when he will be unable to stop, when alcohol will seem as necessary to him as food and sleep.

There are plenty of people who will tell the young business man that a moderate use of alcoholic beverages is not harmful. A young man should give no ear to such talk. In the first place the moderate use of alcohol is harmful. It lessens all the powers of a man. It makes him waste an hour in bed, for his abused tissues need more rest in order to recuperate. In the second place, there are no moderate drinkers. The appetite for alcohol is cumulative. Today one drink leads to the second; in a few days or weeks your moderate drinker will want a third each day. Before long he will be taking a fourth and still think himself a moderate drinker. Any honest physician will tell such a man what place he is headed toward.

The business man, whether young or middle-aged, must let all habit-forming drugs alone. As for tobacco, tea and coffee, every man must be his own judge, for with respect to the effects of these drugs the doctors disagree. If a man does not use them the presumption is certainly in his favor.

11. *Food.*—A prominent business man once remarked to a friend: "If I ever build another house I am not going to have any dining room in it—just stalls into which a fellow can go and get something whenever he is hungry."

He had been a victim of overeating and had an idea that he ate too much three times a day because his appetite was artificially stimulated by the sight of others overfeeding.

The subject of foods has long been a popular one in our weekly and monthly periodicals, and most people ought to know all that is worth knowing about calories, proteids and carbohydrates. The layman, if he lives right, need know nothing about such things. In fact it is well for him not to think at all about the chemical constituency of the food he puts into his mouth.

A wise physician once said to a dyspeptic patient: "I do not care what you eat, eat whatever you like; but I do care how you eat it. No medicine will cure you. You can get well and strong only by eating slowly and chewing your food. Take no ready remedies."

On the subject of eating there are three things

which are worth bearing in mind and about which physicians are agreed:

First, you must eat slowly and chew your food thoroly. Second, you must be in the best possible humor when eating. There must be only cheerful conversation. You should, therefore, not eat when overtired or under a nervous strain. Third, you should not worry at all about whether this or that article of food is going to digest or lie heavy on your stomach. Joseph Choate once said: "The less we think about our insides, the better." Consider the words of the Prophet, "That which I feared hath come upon me."

You cannot possibly drink too much pure water. Most people drink too little. It may be said on good authority that the average man needs about two quarts a day. Water drunk at meals is harmful only when it is used to wash down the food and save the jaws the trouble of chewing.

This chapter, by the way, has not been written for invalids, but for well men who want to keep well.

REVIEW

Why does business, a sedentary occupation, cause a strain on the body, which can be met only with perfect health?

Are muscular development and sound health one and the same thing?

Is health a gift of nature, or can it be earned?

State the relative advantages of exercise and play.

Give instances of the power of the mind over the body.

What is the effect of the use of alcohol on health, mind, will and energy?

CHAPTER IX

THE EFFICIENT BUSINESS MAN

1. *Certain essential qualities.*—In the preceding chapters I have called attention here and there to various qualities which the successful business man must possess. I have endeavored to show, for example, that he must possess a sane, sound, clear intellect, a healthy body and a strong will. In this chapter, we will group together the qualities that are essential to success and try to demonstrate and illustrate their importance.

We shall discover that each quality or characteristic depends for its strength upon a man's possession of certain other qualities, all working together to produce a strong man. If a man lacks any one of them he is liable to be a failure, or at least to achieve only mediocre success. These qualities, it might be said, are the links in the chain of a business man's character, which cannot be stronger than the weakest link.

Successful business men possess these qualities in different degrees, one man being specially distinguished by his power of decision, another by his great executive ability, another by his wonderful vision or imagination. In no successful business man will any one of these qualities be lacking.

2. *Decision.*—The most important quality is the power of decision. In business a man who hesitates is lost. When a man wobbles, rubs his chin and cannot decide which of two policies is the better, he is a man of weak will, irresolute and wavering. At the last moment, when there must be action and no more deliberation or hesitation, his decision is liable to be influenced unduly by the pressure brought to bear on him by others; and if no such pressure is brought to bear on him, there is danger that he will postpone decision until too late.

Indecision does not necessarily indicate weakness of will. It seems rather to be born of a timid intellect, one distrustful of its own judgments. The man who does not decide promptly and positively usually justifies himself on the ground that he wishes to be sure that he is right, that he wants to study the matter in all its phases, that it is so important that he must consider it from all points of view and eliminate all possibility of mistake. Indecision appears to be a mental weakness in which the intellect is involved quite as much as the will.

Thinking is not a slow process: nothing can be swifter than thought. It takes time, indeed, to gather the data upon which a judgment is based, but once having the facts in hand the alert mind instantly forms its judgment.

A business man should be so thoroly saturated with information about his business, should know so much about his costs, his market, his organization, the ca-

pacity of his plant, his credit standing, that when a new problem is presented his mind will have before it all the knowledge necessary for a wise decision; and he should decide promptly. If he postpones decision until tomorrow or next week he will lose, for some of his competitors will make instant decision and get the advantage of him.

One of our greatest bankers once said to me: "I do not want a young man in this bank who always asks advice when he runs up against something new. I like the young man who is not afraid to do things on his own hook. Sometimes he makes mistakes, but he is worth much more to us than the fellow who dares not do anything until he has been told the right way."

Another successful man once told me: "Decision is the biggest of all business qualities. All day long I do nothing but decide. It is the hardest kind of work, altho it may look easy to a subordinate who is doing drudgery. A chauffeur knows no more about machinery than an ordinary mechanic, but his wages are twice as high. The reason is that the chauffeur is able to make decisions, while the mechanic is merely a routine worker."

3. *Expert knowledge.*—I have said that the business man should be saturated with information about his business. He should have what we call "expert" knowledge. To begin with, he should be familiar with every kind of activity that his business calls for, and he must know how hard the work is and how much he has a right to expect from an employe each day;

otherwise he will be at the mercy of his subordinates.

The best way for a man to get this knowledge of his own business is to go "thru the mill" himself and perform all its tasks. That is one of the reasons why many of our most successful business men have attained their distinction; they began as poor boys and by means of their force, their brains, their character, worked up to the top, where they easily maintain their position because they know exactly what to expect from all their employes.

The son or nephew of a successful man is not to be congratulated if he is taken into the business and given a "soft" place. He misses a most important discipline and will never thoroly understand the business. As in the case of the city man who turns gentleman farmer,—the chances are that he will prove a failure. It is not necessary to give illustrations. Every well-read American man can supply these by the hundred, both of poor boys who have climbed up, and of rich men's sons who have proved failures because they were allowed to skip the first grades in the "school of hard knocks."

But a complete knowledge of one's own business is not enough. A man must know much more than the details of his own shop and organization. If he is a manufacturer he must be as familiar as possible with the methods of his competitors and with the quality of the goods they produce. If his raw material is wool, then he must be an encyclopedia of information with regard to it. He must know all about

dye-stuffs and must be the first to take advantage of new discoveries. The machinery he uses must be his constant care, for he will be undone if his competitors produce goods at a lower cost.

As his business grows, the chances for profit and loss will increase in the various departments, in the routing of goods over railroads, in the granting of credit to customers, in the purchase of raw material, in advertising, in failure to forecast market changes, or in failure to make prompt readjustment to meet new conditions. The successful manager of a great business cannot afford to rely wholly upon the heads of departments. He needs able lieutenants and must often rely greatly upon them, but there will be critical times when they will be in doubt, and then he must be competent to make prompt decision.

To be really efficient in business a man must, because of his experience and knowledge, be able in an emergency to take the place and do the work of any subordinate, and do it well.

4. *Judgment.*—Not only must a business man have power of decision and an abundance of information relative to his business; he must also possess sound judgment. He may have queer ideas and theories about religion, politics, social reforms, the Chinese, the North Pole, or the universe in general, but in matters of business he must be a man of eminent common sense. In his business he is seeking to render some sort of service to his fellow-men, and he must have the strictest regard for their tastes and opinions. There

is an old saying "Business is business," which is often supposed to mean that in business, somehow, a man may be hard, cruel, unsympathetic, even tho in his home and social life he be a kindly, generous and charitable Christian. This popular interpretation is wrong. "Business is business" means that common sense, the cumulative judgment of many generations of business men, has agreed upon certain correct rules of conduct in business which ought not to be broken.

A judgment, as was explained in the Introduction to this volume, is the result of a reasoning process, either inductive or deductive. A man of good judgment is one whose mind thinks clearly and is not influenced by prejudice, sympathy or personal wishes. Men are prone to believe what they wish to believe. This natural inclination a man of good judgment will overcome. Too many men in business are controlled by hope rather than by sound judgment; they easily let their judgment be convinced that the course of events is going to be as they desire, that the market for their goods will be steady and strong, that the prices of their raw materials will rise no higher, or that their losses are due to the evil practices of some competitor. The man of good judgment does not try to make excuses for himself. If he has blundered, he admits it and calmly looks for the reason why he made the mistake.

Good judgment is most valuable in the forecasting of the condition of a man's market, or of general business conditions. Market conditions depend upon an

almost infinite variety of circumstances, yet, as is explained in the Modern Business Text on "Investment," there are certain circumstances such as money-market conditions and the state of the iron and steel business, which are properly regarded as dominant in importance. Then there are the professional forecasters, who assume to speak with great authority about business conditions and prospects. The business man of good judgment will get all the information he can, and will give heed to the reasoning and opinions of others, but he will do his own thinking and form his own conclusions.

In 1898, a manufacturer whose raw material was steel had his attention called to some facts which set him thinking—that the price of steel was lower than it had been for many years; that prices in general had been falling for over twenty-five years; that business had been prostrate since the panic of 1893; that the increasing output of gold must soon have an effect upon the level of prices; that there were many reasons to expect a revival of business in the near future. That was in June of 1898. The manufacturer was so impressed that he immediately ordered a quantity of steel sufficient to last him for three years if the demand for his product did not increase. In September, business in general began to pick up, and by the end of the year this manufacturer was in the market again buying steel. The lively demand for his product had used up all that he had bought in June.

In June his partners said he was crazy; in Decem-

ber they doubtless thought he had made a lucky stroke. He was neither crazy nor lucky. He made money simply because he had good judgment and relied upon it.

5. *Self-reliance.*—The importance of self-reliance needs little more than the mere mention. If a man is afraid to trust his own conclusions, all his thinking is of no avail. He is doomed to be a timid business man.

If the manufacturer referred to in the foregoing section had doubted his judgment, or had let himself be influenced by the mere opinions of his partners, their arguments not having convinced his judgment, the return of prosperity would have found him unprepared to take advantage of it.

A man who wants advice before he does anything important can never be a great business man.

6. *Patience and grit.*—Business is a game in which victory often comes when defeat seems inevitable. That is why patience and grit are essential qualities. The man who loses his nerve and gets discouraged when things go against him, who is in despair because his employes are making unreasonable demands and threatening to strike, who cannot patiently wait for a favorable turn of the market, who does not pluckily strive in hard times to increase the demand for his goods, is like a prize-fighter who wants his seconds to throw up the sponge after the first knockdown. He lacks grit, a quality absolutely essential to success in business.

It took patience and grit for Marshall Field to save his first thousand dollars, for Bell to make his telephone a business necessity, for Stephenson to prove the value of the locomotive and the railroad, for James J. Hill to demonstrate that the despised Northwest was pregnant with myriads of gardens, orchards and wheat-fields, for the Wright Brothers to keep at their costly experiments in the face of all the scorn about "Darius Green and his flying machine." If patience and grit had been lacking there could have been no Wanamaker stores, no Transcontinental railroads, no Standard Oil Company, no United States Steel Corporation, no great mining developments, no great enterprise of any kind which did not promise immediate and certain returns.

Everybody knows the type of man who wants to "get rich quick" and who complains bitterly if things do not go at once to his liking. He lacks patience and grit, and the chances are against him.

7. *Concentration.*—It is well known that all inventors possess in high degree the power of concentration. They are striving to convert an idea into reality, to create a new machine, to find a new and better way of doing something, and they need the help of all their mental powers, especially judgment, memory and imagination. A man unable to concentrate will never invent anything worth while.

In business there is constant need of invention. If an up-to-date business man of twenty years ago had left the United States in search of health or pleasure

and had lived in the wilds of South Africa or South America, where he saw no newspapers, magazines or new books, he would be amazed, if he came back today, by the great changes which have taken place in our ways of doing business. The changes are so gradual that they attract little attention, and are not noticed at all by many people. Some of the changes are due to important physical inventions, such as the telephone or the automobile; but many are due to the enterprising inventive genius of the American business man.

Business is in many respects comparable to the factory. In a factory, the work is done by machinery under the control of men; the work is not called business, but labor, and in order to increase the efficiency of the labor every effort is made by a wide-awake superintendent, not only to improve the machinery, but also to organize and correlate the men and the machines so that there shall be no lost time and no wasted energy.

Back of the factory is the business which directs its activities and markets its products. In the business, machines are of relatively small importance. The manager need give little thought to the merits of competing typewriters, adding machines and filing devices. Yet his whole business, in a sense, is a complicated machine made up of the various departments and their subdivisions, and it is most important that he be continually at work making improvements. He must reduce costs and increase efficiency in the con-

duct of the business as well as in the operations of the factory. The great business man is never content with what has been done by others or by himself. He is always surprising his competitors by doing something which they had not deemed possible, and of which they had never dreamed. This no man can do unless he exercises great power of concentration.

When a man is concentrating his mental powers upon a problem, he is absolutely unconscious of the lapse of time. The dinner hour goes by unnoticed; strange noises do not attract his attention, he knows not whether he is too cold or too warm—his mind attends to only one thing. Usually, however, long periods of absolute concentration are unnecessary. Since the mind is lightning-like in its activity, a good business man is able in a few moments of real concentration to solve almost any problem that arises, but he must concentrate.

8. *Enthusiasm.*—I never knew a very successful business man who did not love his business next to his wife and children. Enthusiastic joy and pride in one's business seem to be essential to success. Enthusiasm means gladly, unrestrainedly, naturally putting your whole self into the performance of any act. There can be nothing artificial about enthusiasm. A man who is enthusiastic about his business loves it and can hardly be dragged away from it. When he makes a successful stroke he is as happy as a king, and as proud as an author over his first book.

The business man full of enthusiasm does not like

to be separated long from his business. He likes week-ends rather than long vacations, and when he goes away for rest he takes his business with him, unless he is a devotee of golf or is greatly interested in some avocation like gardening, stock-raising or horse-breeding.

A man who is in business just to make a living or to make money, and not because he loves it, cannot be a great business man.

9. *Imagination.*—In a separate chapter we have already discussed the important part which imagination plays in business. It deserves a word in this chapter, not only because it is essential to business success, but because it can be used safely only in connection with the other qualities which we have discussed. A business man is constantly planning campaigns; he devises methods to increase his sales; he seeks to create new things that people will want; he looks for possibilities that can be made realities. Imagination is the faculty which helps him discover the sources of hidden potential profit. The man whose vision does not take him into the future and show him the structure of which he is now laying the foundation must be content with small affairs.

10. *Executive ability.*—In the chapter on "The Executive" I discuss in detail the nature of this work and the qualities he should possess. In this chapter I will merely explain what is meant by "executive ability" and why it is an essential part of a good business man's equipment.

The executive is one who plans and controls the work of others, taking upon his own shoulders all the responsibility for the successful outcome of their effort. The executive thinks, those under him work; the executive issues orders, those under him obey; the executive is responsible for the profit and loss statement, for the success or failure of the business; those under him are responsible only for the performance of their particular tasks.

A man who possesses executive ability is able to plan wisely and make others understand his plans. He will have confidence in the wisdom of his plans, and his manner will instill the same confidence into his subordinates. He will be a good judge of men and will surround himself with helpers who can be of most use to him. He will have the faculty of getting the best service out of every man in his employ, sometimes by relying on his tact, sometimes on firmness, sometimes by a subtle appeal to a man's pride, sometimes by using praise, and sometimes by harsh words of blame. In executive ability we have summed up all the qualities essential to success in business. The executive is the general of the army; he must have in him all the qualities of a good soldier.

REVIEW

If you, as a business man, were choosing an associate, what is the most important quality you would look for in him? Why do you consider this quality important?

Taking for granted that a business man needs a thoro knowledge of his own business, what is the best way for him to acquire it? What other knowledge does he need for efficiency?

What is the correct interpretation of the phrase "Business is business"? How would you apply it to your own business?

From your own experience give examples of what you consider good judgment? In what fields is good judgment most valuable? How is concentration valuable in business? How can you apply it to your own business?

What do you consider "executive ability"? How is it applied?

CHAPTER X

THE EXECUTIVE

1. *Three classes of men.*—Plato divided the people of his ideal republic into three classes: The philosophers who did the thinking and ruling; their lieutenants, who executed orders; and finally, the great mass of the people, most of them slaves.

The French essayist, Montesquieu, also divided mankind into three classes: First, those who are able to think, to give the world new ideas; second, men who cannot do original thinking but who can understand the ideas of the first class; third, men who can neither think nor understand the thinking done by others. Unhappily the majority of men belong in the third class.

This is a view of humanity which with modification and details frequently occurs. Currency has been given of late to the term supermen. They are supposed to be superior to the rest of men and not subject to the laws made for the common people; the superman obeys only the law that he makes himself. The second class consists of those intelligent enough to understand and execute the will of the first class. The third class, the common herd, is considered to be

of little more consequence on earth than the lower forms of animal life. They are only slaves.

If we were to accept these philosophers' views and were forced to believe that the walls between the classes are insurmountable, so that a human being born into one class can never climb into the one above, we should have a right to think this a very sorry world. Under such circumstances the great work of the Alexander Hamilton Institute, and for that matter of all other educational institutions, would lose its most compelling motive, namely the development of the latent powers of men in order that they may rise to higher levels and lead more efficient lives. But we know that a man is not like a tree or a dog; by his own will he can escape from a narrow environment, and by his own will he can loosen the fetters inherited from an evil ancestry.

Nevertheless, the philosophers' classifications had a basis. We all know men who are natural leaders, men whom others instinctively trust and obey; also men who make excellent lieutenants or assistants, but who need the guidance of a more masterful mind; also the millions who do no planning or directing and are able to perform only such tasks as they have mastered thru imitation and practice. In this and the two following chapters we shall discuss the characteristics of these different groups of men and briefly consider the kinds of work they do. For convenience we call the men of the highest class executives; those of the second class sub-executives, or subordinate, or junior

officers; those of the third class, "rank-and-file workers." Every reader ought to know with which class he is now working and he should be trying to find out just what he ought to do in order to rise into a higher class. His advancement depends absolutely upon himself. No power on earth can take an ordinary "rank-and-file" worker and mold him into an executive. He alone can do it—if it can be done.

2. *The executive a business statesman.*—A few hundred years ago, when all shoes were made by hand, the shoemaker who fitted the foot of his customer perfectly was a good workman. If he undertook to make more shoes than he could deliver on time, or if he was sometimes idle because his stock of leather was exhausted, or if many of his customers found fault and refused to pay for their shoes, he was not a good business man; for he lacked executive ability.

Here is a man who plans; he knows in advance how much he will need of this or of that material; he prepares for every probable or possible contingency or emergency; if more work comes to him than he can do alone, he knows where he can get help and how much he can afford to pay for it; he knows where he will market his goods and where he will get the money or credit to pay his bills when due. The man who is thus foresighted in the conduct of his affairs, no matter how small they are, is an executive.

An executive in business must have the qualities of a political statesman. A mere "politician" plays the old game in the way he has been taught. He has

learned the ropes; he practises all the well-known tricks that will help bring his party and himself into power; he supports new legislation because his party has indorsed it or because he fears the party whip. The statesman, on the other hand, is superior to his party. He creates new issues demanding legislation. He makes new parties and remakes the old.

We find these two types of men at work in the field of business. First, we have the imitator—the man who knows all the tricks of his trade, who has learned by experience the accepted methods of doing business, who often makes money because he works hard, makes many friends and accumulates valuable goodwill. Such a man must possess a certain amount of executive ability, but he is not a great executive. He is not a business statesman.

The business statesman is not content to imitate. His mind and ambition drive him onward to larger things and greater efficiency. He created the department store; he combined numerous small railways into great transportation systems; he saw the business possibilities latent in the post office and developed a great mail-order business; he saw the wastes involved in old-fashioned methods and boldly struck out on lines of greater efficiency; he saw the possibility of lower costs in large-scale production and distribution, and organized the so-called trusts. The executive is, above all things, an originator; others follow him like sheep.

But the executive must do more than originate. He must be able not merely to plan but to drive his

plans thru to successful execution. He must be able, therefore, to make others do his will. He must pick men who will understand his purpose and he must know that his instructions are obeyed. The great executive combines in a high degree the qualities of the dreamer and of the practical man. He is what the economists call the "entrepreneur," or enterpriser.

3. *Delegated responsibility of the executive.*—The proprietor of a small business, whether a country store or a box shop employing only a few hands, can carry alone all his executive responsibilities. His business is all within the sweep of his eye, and his problems are not numerous. The only assistants he needs are clerks or workmen.

If he has in him the qualities of the real executive, however, his business will not always remain small, and the time will come when he will gladly delegate to others some of his responsibilities as executive. He may need a manager of sales or of purchasing, or a man whose special duty shall be the hiring of employes and the supervision of their work. If he is a good executive he will pick the right men for these positions and have the satisfaction of seeing his business grow, with every detail properly attended to, even as it would be if he himself could be a hundred men in a hundred different places at the same time. Upon the shoulders of each of the sub-executives he will have laid part of his own burden.

A man who cannot thus develop and enlarge his business without increasing the weight upon his own

shoulders, lacks certain qualities essential to great success. It may be that he is merely a poor judge of men, or that he cannot believe a thing rightly done unless he does it himself, or that he does not understand the principles and the importance of organization. Thus it happens that under modern conditions, most great business enterprises being conducted by corporations of very large capital, many men of great executive ability are employed in subordinate positions. The Pennsylvania Railroad Company utilizes the services of many men whose value lies in their executive quality. All of them, in greater or lesser degree, are planning for the welfare of the corporation and are skilfully directing the work of men under them in order that their plans may be successfully executed.

The work of these sub-executives in any business is so important that they furnish to some extent a practical test of a chief executive's ability. It has often been said of the head of this or that great corporation, "He never seems in a hurry, he always has time to talk with you." The reason why such men do not seem rushed with work is that they have built up a perfect organization and know that everything is being done in the way it ought to be done. They have earned the right to play golf as many afternoons a week as they wish to.

The sub-executives, or junior officers as they are sometimes called, we shall study more in detail in the next chapter. It is from their ranks that the responsible chief executive is chosen.

4. *Qualities of the executive.*—The great executive must possess all the qualities which we discussed in the chapter on "The Efficient Business Man." The larger his business, the greater his responsibilities and the heavier the load he carries. He must have intellectual power, a vivid imagination, intuitive knowledge of men, and a personality which makes others keen to do his will. He must radiate energy and enthusiasm, and so must have a strong neck, large lungs and a stomach not afraid of nails. Finally, and most important of all, he must have the power of prompt decision that is associated with a strong chin; lacking this he will fail as an executive. According to mythology, Achilles worried only about his heel, the one vulnerable part of his anatomy; the business man who would be a great executive need worry most about his chin.

5. *Responsibility.*—While writing this chapter I received a letter from a business man making inquiry about a man of my acquaintance, about 30 years old. "Has he executive ability, and will he absorb responsibility?" the writer asked. The questions are pertinent. A man may possess executive ability, and yet, from laziness or lack of ambition, be unwilling to exercise it. Some people like to assume responsibility and are proud and glad when it is heaped upon them. Others dread and avoid it, and if circumstances force it upon them they either ask too much advice, thereby seeking to throw the responsibility upon others, or they complain that the "boss" does not make clear

what he wants, or does not give them sufficient authority.

The executive is captain of the ship; he picked the officers and the crew; in fair weather he may leave the ship entirely in the hands of others, but when a storm comes on he is on the bridge and is proud to be there. A sailor who shrinks from responsibility, no matter what his education or his experience on the high seas, would be a failure as captain.

Legally, the responsibility for the conduct of a corporation rests with the board of directors, but they, as a rule, promptly delegate their authority to the president, or to a general manager, or to an executive committee, and at the same time they shift much of their responsibility. In the United States, corporation directors too often feel that their work is done when they have thus delegated their authority and responsibility, their concern thereafter being mainly in dividends. Hence we hear so much about "directors who do not direct." Nevertheless, ultimate responsibility for the conduct of a business corporation does rest upon the board of directors, and no member has the moral right to feel that he, personally, cannot be blamed if things go wrong, unless he has endeavored most vigorously to impress his views and will upon his fellow-directors. The director who gives up easily, and then when losses come excuses himself because he "did not really favor the company's new policy," is not made of the right kind of timber. He is a weak spoke in the wheel.

Some young men are made, so to speak, by responsibility. In subordinate positions they may have done their work conscientiously and yet have given no sign of the real power within them. They do not suspect its existence themselves. When such a man is given a position carrying some responsibility, his latent quality comes to the surface and is discovered. His advancement thereafter is limited only by his mental and physical powers. Unhappily, young men who welcome responsibility and joyfully carry its load are in the minority. Business men are always on the lookout for them.

The man who really heeds the advice, "Make your employer's interest your own," gladly takes on all possible responsibility. He is not fearful lest some one else will get the credit for what he does, nor does he try to dodge the blame when he makes a mistake.

6. *Initiative.*—We all know the man of fine ideas and great plans who never gets anywhere. With great enthusiasm he describes his wonderful schemes to you and points out the mistakes that are being made by this or that business man. If you are inexperienced you will wonder why his talents are undiscovered and unrewarded—for this talkative man, so full of great ideas, has a small job that hardly yields a living.

Men of this sort are numerous, and all of them cherish the belief that their ability is not appreciated. They are, of course, mistaken. Their ideas may be as excellent as they seem and their plans may be prac-

tical as well as ingenious, yet these men occupy humble positions because they lack the power, the will, the grit and gumption necessary to vitalize their ideas. They lack what is commonly called "initiative."

By initiative, as the word is used in business circles, is meant the ability to think and do new things. It is a quality that the executive must possess. The man who lacks initiative gets into a rut and cannot lift himself out of it. If market conditions change he does not make quick adjustment, and suffers loss. The man of initiative, on the contrary, is happiest when he is springing something new on his competitors. He does not like ruts or beaten paths. He is always on the frontier looking for new territory to conquer.

7. *Courage.*—It is evident that a timid or ultra-cautious man must lack initiative and be incapable of great achievements. Many men decline to undertake anything unless they have positive assurance of success. In their youth they look for employers who will promise them advancement, for they want to feel certain that they are going to be promoted and that their salaries will be raised as time goes on. Men of this type lack courage, that quality which makes a man boldly attack an enemy who looks stronger than himself.

A moral coward, one who is afraid to do what he thinks right because other men will disapprove, is never a valuable member of any community. In business, cowardice of any kind is a serious detriment, for it will make a man hesitate and hang back at the very

time when he should be pushing ahead. The business executive must be resolute and stout of heart. He must not fear his competitors, but on the contrary make them fear him. He must have the courage to meet opposition face to face and make those who deal with him realize that they are in contact with a real man. If he is weak and timid he will vacillate, and his subordinates will have no respect for him. They will pretend to respect his wishes, but behind his back they will speak of him contemptuously and do as they please.

All great business men have been courageous. They have dared things which would have frightened and paralyzed weaker men. The odds were often against them, but they kept on fighting. They had courage as well as initiative.

8. *Energy.*—The listless, languid, flabby man cannot amount to much as an executive. Instead of driving things forward and getting the best out of his subordinates, he will be petulant, irritable, fault-finding, and the men under him will always be dissatisfied.

The executive who succeeds wastes very little time finding fault. He is so full of power that he wants to get things done. If a subordinate disappoints him, he jumps in and does the work himself, if need be, and either discharges the delinquent or assigns him to a task for which he is better fitted or where the responsibility is less.

What we call energy in a man is the product of

physical vigor, or health, and of a purpose, or end, clearly conceived and strongly desired. An energetic man thinks quickly, feels strongly and loves activity. A great executive, therefore, cannot be a physical weakling. He must expend a vast amount of energy, or force, and this he can get only from the air he breathes and the food he eats.

Professor Enoch Burton Gowin, of New York University, in his very interesting book, "The Executive and his Control of Men," presents some statistics that deserve the reader's attention. In various ways he obtained information in regard to the height and weight of over 2,000 Americans who were occupying positions of leadership. He found that a majority of them were over 5 feet 10 inches tall, and that their average weight was over 175 pounds. The average height of the sixty-one university presidents was 5 feet 10.8 inches, and their average weight 181.6 pounds. The presidents of small colleges averaged one inch less in height and seventeen pounds less in weight. His returns showed that railroad presidents on the average had the better of station agents by 1.5 inches in height and 31.7 pounds in weight.

Professor Gowin's statistics do not prove, of course, that the medium-sized man of light weight cannot hope for distinction, but they certainly do indicate that a strong, well-nourished body is a human asset worth possessing. A man's lungs and his stomach are the sources of his energy; if these two organs are weak, he cannot be expected to amount to much.

The energy which the executive needs must not be confused with its counterfeit—a pretentious, bustling kind of activity in connection with petty affairs. There are people who give an impression of great energy because they are never still or silent. They always have on hand a great many more things than they can do, while their minds seem charged with more messages than they can deliver. If you watch them work you wonder at their tirelessness, and if you listen to their talk long enough all your mental faculties go on strike. People of this sort are not energetic. They are best described as fuss-budgets or fuddy-duddies. They have small tho very active brains, but their activity lacks purpose and continuity.

The really energetic man is usually not a spendthrift, either with words or with deeds. He wants every word and every deed to count. He may look very easy and comfortable, but if you get in his path or try in any way to block him, his dynamic quality will startle you.

9. *Selection of subordinates.*—In Chapter II of this volume I mentioned the building of an organization as one of the difficulties that must be overcome by the man who would make a profit in business. This is a task for which the executive is primarily responsible. The president of a large corporation does not usually hire all the employes, but he must pick out the right man to relieve him of that responsibility. He must, therefore, be a good judge of men.

Furthermore, since his organization must work as

a unit, he must pick men who will work together in harmony. Three excellent men, if they have to work in the same room, may be comparatively useless to him because of radical differences in their temperaments or characters. An executive charged with the responsibility of hiring employes will not produce the best results if he fails to take this fact into account. The world is full of racial and religious prejudices, and these an employer must not ignore, however much he may despise them.

As it is very important that the organization be kept loyal and enthusiastic, an executive must study the men under him, so that when a new position is to be filled he may promote an employe rather than go outside and bring a new man into the organization. Executives who pick their men carelessly or handle them stupidly, not seeking to make each employe feel contented and hopefully ambitious, cannot build a really efficient or loyal organization. In prosperous times their best men will desert them, and those employes who stick will be more concerned about the size of their salaries than about the quality of their work.

10. *Methods of control.*—In the discussions of factory and office administration in the Modern Business Texts the reader will find descriptions in detail of various methods that have been adopted for the efficient handling of men. Here it is sufficient to point out the importance of this matter, and it seems worth while,

for a good many business men have given little thought to it.

When you hire a man to work for you, you want the entire man, and you may think that you get him when you offer him a salary which satisfies him, but you are mistaken. No man will give you himself and work for you as he would for himself, unless you somehow make him feel that he is a vital and growing part of your business. Hence, if you wish to succeed as an executive and make your employes give you their best, you must manage them wisely.

Different ways have been discussed for keeping an organization up to par, but no one way can be called the best. The bonus system may work well in one shop, but be a failure in another. Rewards for unusually good work or for helpful suggestions have been found stimulating in many organizations. Education or recreation clubs organized by the employes with the encouragement and active support of the employers, are also productive of good-will and efficiency. Whatever the method be, it is most important that the executive make his employes feel, not merely that he is interested in their welfare, but that he is determined that the merit of not a single one shall be overlooked.

11. *"Born leaders."*—The quality of leadership often appears in boys at such an early age that we speak of them as "born leaders." They dominate their comrades in all sports; younger boys fear them

and dare not disobey their orders. In almost every village school there is a little tyrant who is feared by all the other children. Often he is vicious and has to be harshly disciplined by his teacher and his parents. Or he may be a boy of fine disposition, loved as well as feared and respected by his playmates. In either case he is the captain, and none of his mates questions his authority. If such a boy goes to college he instinctively strives for leadership, but there he has greater competition than in the home school, and he may succeed in asserting his leadership over only a small group of college mates. Or he may captain a baseball nine or a football team, or become the head of a secret society or the president of his class.

"Born leaders" of this sort, if they go into business, should become executives, and will do so if they get the proper discipline or training at the start. As has been pointed out in this chapter, a man cannot be a leader or executive in business unless he knows business as a man just as he knew baseball or football as a youth, and he can get this requisite knowledge only thru study and experience. The "born poet" cannot escape the drudgery necessary to master the technic of his craft; neither can the so-called "born doctor" or "born artist." A youth who seems to have the qualities of leadership cannot become a leader or executive in business unless he first goes thru the mill and gets a mastery of business details.

If a lad of that kind gets a wrong start and is set at tasks for which he is entirely unfitted, or if he is

forced to remain for years in an environment which smothers his best qualities, he will be likely to degenerate and to be notable in his later years only for his restlessness and his domineering irritability. The "born leader" does not always, as a man, find his opportunity. The wrong environment may humble him. Napoleon was the world's greatest general in modern times, but if Fate had seized him at the age of twenty-one and made him serve for ten years as conductor of a Pullman dining-car, his eyes would have lost their terrible power and his portrait would have had no charm for hero-worshippers.

Responsibility develops the power of leadership. No man knows his power over men until he has been tested, just as no man knows whether he is brave or not until he has been under fire. Ulysses S. Grant, a graduate of West Point, who had served in the Mexican War, was a modest nobody when the Civil War broke out in 1861. But for that war he probably would have lived and died in obscurity. The war developed in him the latent quality of leadership and he became one of the greatest generals of all times.

The youth of twenty or twenty-five contains many a hidden promise. He does not know his own powers or what his career will be, and his friends are in the same darkness as to his future. Hence it is important that young men in business should not be kept forever at the same task, for their finest qualities may then never be developed.

12. *Pay of the executive.*—There is a popular no-

tion that many of our high-class business men, such as the presidents of railroads, banks and insurance companies, are paid higher salaries than they deserve. Plenty of people believe that no man can really earn $50,000 a year. Yet there are executives in the United States whose salaries exceed that amount.

These high salaries are fixed by boards of directors who are anxious that their corporations shall be efficiently managed. Friendship, favoritism, nepotism, politics, graft—things of this sort play no part whatever in the fixing of these high salaries. A board of directors which votes a salary of $100,000 to the president of a corporation would be delighted if they could get an equally good man for $10,000, but they know that a $10,000 man would prove a failure. They feel certain that if they engage the $100,000 man instead of the $10,000 man, the corporation's net earnings will be larger and the dividend rate higher. This means simply that they pay a man a salary of $100,000 because of his producing capacity, because he can make the company's business so large and profitable that he is really cheaper than a $10,000 man.

Philip D. Armour, the great packer, once showed a Chicago newspaper man about his office. It transpired that a comparatively young man sitting at a desk in the corner of the big room was drawing a salary of $18,000 a year. "But Mr. Armour," said the newspaper man, "could you not hire nine men at $2,000 a year who could do more than he does?"

"No," said the millionaire packer, "one hundred $2,000 men could not do the work he does."

In Volume II of the Modern Business Texts the reader will study the law governing wages, and he will find that men are paid, in the long run, in proportion to their power of production. The executive's salary seems exorbitant to the day laborer. Yet the pay of the executive and of the laborer is determined by the same law. The wage of the day laborer is quite as likely to be excessive, or beyond his deserts, as is the salary of the executive.

Executive ability is comparatively scarce, muscle is abundant; hence the one is dear and the other cheap.

A few years ago a manufacturing concern employing five hundred men was found to be losing money. It was selling goods for less than their cost of production. The directors, thoroly alarmed, placed a new man in charge, a man of experience, who insisted upon having absolute sway over all the affairs of the corporation. He found that the business suffered, for one reason, because of the high cost of raw materials, and that if its volume were doubled the raw materials could be purchased in large quantities and more cheaply. He found also that if the plant were doubled in size, the output per employe could be increased and the costs, therefore, reduced. He discovered still other ways of increasing the efficiency of the plant and reducing costs. At the end of a year the plant had been doubled, one thousand men were

employed, the wages of some of the workmen had been raised, and the company was earning a net income at the rate of 15 per cent per annum. Every business man of much experience is familiar with incidents of this kind. If that executive was paid a salary of $50,000 a year, who can prove that he did not earn it?

REVIEW

Do you agree with the statements of ancient and modern philosophers that all mankind can be divided arbitrarily into three classes? If so, how can persons rise from one class to a higher; if not, what modifications of the statement would you make?

What two types of executives do you find in the field of business? Which type makes the better executive, and why?

Give examples from your own experience of initiative, courage and energy in business and of what they have accomplished.

If you were the president of a corporation and were obliged to pick your subordinates, how would you be governed in making your selections?

In your own business, what methods would you follow to keep the organization "up to par"?

CHAPTER XI

SUBORDINATE OR JUNIOR OFFICERS

1. *Duties and responsibilities.*—The junior officer in a business is one who has charge of a single department and is responsible to the chief executive for its proper conduct. In a corporation all the officers are responsible to the board of directors, but the immediate responsibility of each junior officer is to his chief. If he satisfies his chief, he has done all that the board of directors has a right to expect.

A junior officer may be sales manager, head of the production department, advertising manager, office manager, chief accountant, credit man, or chief of a division of a railroad. His employer delegates to him his own authority in a certain field and expects from him results which he himself might achieve were he personally doing the work. Just as all the generals, colonels, captains and lieutenants of an army are responsible to their immediate superiors and finally to the commander-in-chief of the general staff, so the junior officers in a business concern are responsible to their immediate superiors and ultimately to the chief executive and the board of directors.

A man is entitled to be regarded as a junior officer in a business when his work is so important that it

requires the exercise of independent judgment, discretion and executive ability. If he merely has charge of the routine work of a number of men, his duty being to see that their work is done on time and in the proper manner, he may be a head clerk, but he does not rank as a junior officer, for he has no business responsibilities He is merely a corporal in the industrial army.

The junior officer is a directive force in the business. In his department he represents the chief. He directs the work of a number of men. If he makes mistakes the business suffers loss. If he directs his men wisely, the profits or good-will of the business are increased.

In this chapter we shall consider a few of the qualities which junior officers must possess. Their work is exceedingly important. It is from their ranks that the chief executives are chosen.

2. *Training and experience.*—It goes without saying that the efficiency of a junior officer must depend largely upon his mental ability, his education and his practical experience in business. He should, indeed, possess all the qualities of the efficient business man and have in him the making of a leader. If a man has not the quality of leadership, or if he has a weak body and poor digestion, or if his mind has not been trained to think clearly, or if he lacks ambition and will-power, he will be a failure as a junior officer.

It should also go without saying that a man is not fit to direct any department of a business unless he

has first had experience in its work and is familiar with its problems as well as with its routine.

The accountant works up from the ranks of the bookkeepers; if he has in him the necessary qualities, the day may come when he will be made chief executive.

The sales manager must have had experience as a salesman; as a salesman he may have displayed only ordinary ability, but his experience in the field is a prerequisite, no matter how great or fine his managerial quality.

The advertising manager may have no special ability as a writer of advertisements, and may not have been successful as a solicitor of advertising, but he should know all there is to know about advertising mediums and should know thoroly the business which it is his duty to advertise.

A physician gets his practical experience in the laboratory and in the hospital. The junior officer must get his practical experience by the patient performance of routine labor. When a man has mastered the details of a business and has proved his quality, he is eligible for the position of a junior officer.

3. *Team work.*—A dogmatic, opinionated, obstinate man does not make a good junior officer. He may have a good mind and a good education, and may know a great deal about the business, but he does not pull together with the others. He makes smooth team work impossible.

Every business organization is a unit. The va-

rious departments should be conducted in harmony with a single plan, as if one mind were in absolute control. If a junior officer thinks that a certain policy is bad and that a change ought to be made, he has the right to argue for his opinion, but if he cannot convince his chief or a majority of the junior officers, he must drop the matter and turn his energies to something else. This some men seem unable to do. A man of that sort clings tenaciously to his opinions and cannot conceal his dissatisfaction when his coworkers do not agree with him, and decide to follow a course contrary to his opinion. Such a man is unconsciously capable of serious negligence in a crisis. He never has the entire confidence of his fellows and should not hold a position of great responsibility requiring cooperation with others.

In an ideal business organization the junior officers pull together so smoothly and evenly that the master's will and purpose are realized in every department, a single mind controlling all.

4. *Loyalty.*—A junior officer, possessing the confidence of his employer and intrusted with important responsibilities, must be genuinely loyal. He is the personal representative of the chief and must not be disloyal in word, deed, or thought. He must believe in the business, in the organization, in the chief; and his own job must be so dear to him that he will understand well what Petrarch meant when he wrote. "I get tired whilst I am resting, and rest whilst I am at

work. When I take up my work, I fear nothing so much as having to tear myself away from it."

A military commander-in-chief wants no officers under him who are not patriots, who do not believe in the cause for which they are fighting. A man never fights well unless he is in dead earnest. A sub-executive in business, if he is to do his best, must believe in the importance and value of the work he is doing. If he is connected with a business he does not like, or is under a man whom he does not respect, he should look for another connection.

A junior officer lacking in loyalty may make trouble in many different ways. He may talk indiscreetly about the conditions or prospects of the business and give encouragement to competitors. He may even reveal valuable secrets of the business—an act of damnable treachery. His careless words of criticism may arouse discontent among the employes, and chill the enthusiasm of his brother junior officers. A man who is by nature discontented, ultra-critical and self-centered, has not in him the stuff out of which good junior officers are made. It is almost impossible for such men to be really and constantly loyal to anybody.

5. *Obedience.*—Just as the junior officer expects obedience from the men under him, so he must render obedience to his superiors. The man who cannot control himself and render prompt and willing obedience to others makes a poor captain and will have weak

control of his men. The chief executive of a business knows what he wants done and how it ought to be done; he gives the necessary instructions to his subordinates and then turns to other matters, expecting that his orders will be obeyed to the letter. If the subordinate, giving mere lip obedience, pursues a policy not directed by the chief, thinking that he understands the matter better than his superior because he alone is familiar with all the details, or because the chief was "too busy to get a real grasp of the situation," sooner or later something decidedly unpleasant will happen. The subordinate will either get a note of dismissal from the chief, or be summoned before the board of directors to defend himself.

No man responsible for the conduct of a business will long tolerate under him men who wilfully disobey his orders. Obedience is a primal virtue in business as well as in war.

6. *Adaptability.*—Little need be said about the importance of adaptability in the make-up of a subordinate or junior officer. He is not an independent man working alone. He is part of an organization, taking instructions, giving instructions, working with others; he must adapt himself to his position so that there shall be the least possible friction.

The junior officer cannot be a dull man, slow of comprehension. It must not be necessary to explain things to him twice. He must understand his chief's mental habits and modes of expression, and listen so

alertly to instructions that no words need be wasted. This means that he must put himself into the proper adjustment in his relations with his superior. He should be equally adaptable, flexible and tactful in his relations with his equals and with the men whom he commands.

According to the biologists, adjustment to environment has been an important condition of survival in the animal world. The same principle applies equally in business. A man lacking in adaptability or power of adjustment should cultivate it if he is connected with a business organization.

7. *Willingness to learn.*—Some men have a curious distaste for instruction. Often they are well educated, well-read, industrious and studious, but if you try to show them a better way of doing anything you will be astonished either by their lack of interest and gratitude, or by their apparent inability to discover anything worth while in what you have to say. This peculiarity may be the result of conceit, or it may be the manifestation of an acquired mental habit, the mind being incapable of taking in a new idea except thru the eye, by reading. It is a well-known fact that the confirmed bookworm often gets nothing whatever out of lectures and discourses. He may read them greedily, but he does not care to hear them, and when listening to them his mind wanders.

The real business man is so eager to learn, that his ears as well as his eyes are of service. He wants

to know the best way of doing things, and if you can show him or tell him, he will be really grateful, not at all irritated.

The junior executive is the man who ought to get the most help out of the Alexander Hamilton Institute's Modern Business Course and Service, for all the authors have had his needs specially in mind. No man knows how much physical strength he might acquire, or how heavy the weights he might be able to lift, if he were to devote himself to the systematic training of his body. In the same way no man knows the limits of his intellectual powers, but he may be sure that systematic mental exercise will yield results quite as remarkable, or startling, as any produced by systematic physical exercise.

Let the junior officer, therefore, cultivate a taste for knowledge. The more he reads and thinks, the better will be his understanding of all that he hears and sees in business, and the more valuable will be his service.

8. *Ideas and initiative.*—Because I have insisted upon the junior executive's obeying instructions and being adaptable, in order that there may be smooth team work, it must not be assumed that he is to be a business automaton incapable of originality or initiative. It must not be forgotten that he is a sub-executive, that in his department he represents the chief executive, and that he should be doing there all that the chief himself would do if he were there. If the costs in his department seem out of proportion to re-

sults, he must plan for their reduction just as the chief himself would plan. If one of his problems is so baffling that the chief, if it were his problem, would take it home and think of it at night and on Sundays, then the sub-executive himself must take it home with him. He must be constantly planning to make his department more efficient—that is, to make results bigger and costs smaller.

Many of the big ideas of business have come from the brains of obscure minor officers or employes. A poor clerk in a cigar store conceived the idea of the great chain of stores known as the United Cigar Stores. The Woolworth Building in New York City is a monument to the genius and initiative of a lad who was clerk in a country store when he discovered the commercial importance of the nickel and the dime. The history of American business during the last two generations could be made to furnish thousands of similar illustrations of originality and initiative on the part of men in subordinate positions.

The junior officer owes his position to his display of intellectual quality as a routine worker. He knows the steps up which he has climbed. He should know better than anybody else where effort is wasted, where time is lost, where there is unnecessary friction. His chief, therefore, has a right to expect from him ideas and suggestions that will enlarge the business and enhance the profits.

9. *Capacity for detail.*—As I have already said, the need for the junior officer arises when a business

gets so large that one man cannot look after all its details, or carry easily all its responsibilities. Gradually, as his business grows, a man attends less and less to the details and places increasing reliance upon the subordinates he has selected. A single business detail is a very small matter, but the details as a whole are tremendously important and must be looked after by men who are competent and conscientious. It may not matter much whether the stationery be blue or white, or whether employes be paid by check or by cash, or whether the day's work shall begin at 8 or 8:30; but details of this sort, taken together, make the business and are so interrelated that changes cannot be carelessly made. In every department there must be system and discipline. Each worker must perform his task in the way that has been decided upon as best. Letters must be written and mailed on time. Orders received must be promptly acknowledged. Goods must be shipped in accordance with the schedule. In no department must there be enforced idleness thru lack of work.

It is the important duty of the junior officer to see to it that the details of the business belonging to his department are promptly and properly attended to. If he really has executive ability, he will never make the plea that he could not clear his desk because of the great rush of details that had to be attended to. Long before he is in danger of being swamped he will have at his command a subordinate to whom he will entrust the handling of many mat-

ters of minor consequence. He will seek, indeed, to relieve himself as much as possible of details in order that he may have more time for supervision, planning and direction. He must himself have great capacity for detail and he should prove it by the ease with which he gets rid of details. His chief will expect him to know all about his department, the number of employes, their wages or salaries, the kind of work done by each, their ability and their promise of future development. In no other way can the chief keep in touch with what is going on in the great business he controls.

10. *His prospects.*—Often a junior officer who has proved his worth in an organization receives an offer of a higher salary from another concern. Shall he accept and leave the organization with whose affairs he is so familiar? This is a question that puzzles many a junior officer. In no case can we answer the question wisely unless we know and consider all the circumstances.

It may safely be said, however, that no junior officer should resign his position merely because of a tempting increase in salary. There are many things he does not know, to wit: Will he fit in with the new organization? Will he be as efficient there as here? Will his ways of doing things satisfy the new chief? Will his prospects of future advancement be as good as now? Is the other business likely to grow or to stand still? Is it controlled by men comparatively young and full of ambition, or by old men already

satisfied with the business? Questions of this sort the junior officer must consider before he is in a position to decide upon making a change.

In general it is well for him to bear in mind, especially if he is connected with a prosperous, growing business, that the world looks with some suspicion upon a man who is moving from pillar to post. When he resigns a good position and goes to another, most people will know merely that he has made a change, and many will suspect that his old employers made it easy for him to leave.

If, however, a junior officer is connected with a business controlled by men who lack ambition and initiative, or who have so much money that they give all their time to sports, amusements and travel, and he is convinced in consequence that the business will suffer from their neglect, he is wise if he looks for new connections. It is unfortunate, of course, that he has to make a change, but he has the very best of reasons for doing so. A live man should not be tied to a business that is dying from dry rot.

REVIEW

What distinguishes a junior officer from a chief clerk?

If you were going to choose a junior officer for your business, what qualities would you demand in him? Give reasons.

What things should a junior officer consider, aside from higher salary, before leaving one position to go to another?

Why cannot a dogmatic, obstinate man become a good junior officer?

CHAPTER XII

THE RANK-AND-FILE WORKER

1. *Men and machines.*—For many hundred years men have been busy seeking ways of making their work either lighter or more productive. A certain amount of muscular or mental activity is pleasurable and healthful, but when pushed beyond a certain point fatigue, discomfort, exhaustion and various aches ensue. Primitive man and woman carried their burdens on their backs or on top of their heads. They gradually dropped this custom when they found they could shift the work to the backs of various beasts of burden which they had tamed. Thus the dog, the donkey, the ox and the horse were trained to be harnessed, and in the course of time it was discovered that a man and a horse, or a man and a donkey, could do more work of a certain kind than two men. For this increase of efficiency man claims and deserves the credit, for without the directing power of his brain no beast of burden would have any industrial value.

Next, or perhaps at the same time, came the invention of tools and machinery. One man with a hand-saw can work up more firewood than ten men without the aid of the saw. But sawing wood makes a man's back ache and is a most monotonous occupa-

tion, hence it is being supplanted by the buzz-saw operated by an engine, with which one man without much muscular effort can cut up more wood in a day than can a dozen or more with hand-saws. Over half the work that women did fifty years ago is now done by machines, looms, sewing machines, vacuum cleaners, washing machines, churns operated by gasoline or electric power, knitting machines, hat machines, dish washers, fireless cookers, etc., but I need not elaborate or give more illustrations. Every reader knows in a general way that tools and machinery are now doing with great accuracy and rapidity a vast amount of work which was formerly done by the hand of a man or woman.

But it may not have occurred to some of my readers that in both business and industry a lot of work is still being done by men, women, boys, and girls which is much like that which men have learned how to unload upon machines and beasts of burden. Much of this work is monotonous in character. The same kind of task has to be done over and over, day after day, week after week, for only thus can the worker get the highest skill and speed. There are boxes to be packed and nailed down, messages and packages to be delivered, endless rows of figures that must be accurately copied and added, memoranda and letters to be filed and recorded, letters to be written or typed and filed, the cash to be counted and cared for, the mail to be distributed, and so on *ad infinitum*.

Readers who have had any experience in business

will recognize at once the type of work I am talking about. It can be known by either one of two earmarks. First, it must be done in the prescribed way, the worker having little or no discretion as to the method he must adopt; second, the work calls for the exercise of very little brain power and closely resembles the kind of work that is already being done by machines. The man who does this kind of work in business I call the rank-and-file or routine worker. Some of the tasks are more difficult than others, but in general all of them can be performed after a certain amount of practice by any man of ordinary education and mental ability.

2. *Work and responsibility of the rank-and-file worker.*—I can imagine that certain thoughtless people after reading the foregoing section might feel like skipping this chapter on the ground that the work of "men who are little better than machines" is not worth thinking about, but I have not said that men are little better than machines. I have said merely that the men are doing work very much like that which is already done by machinery, and that is a very different proposition.

The work that these rank-and-file workers do is exceedingly important. For example, much of the concern's business may hinge upon the accuracy with which its orders, instructions, and other communications are transmitted to those with whom it has dealings; once it relied much upon the messenger boy, now it utilizes the telephone as well; but the messen-

ger boy of forty years ago was not a negligible personage merely because a mechanical device has been invented that does most of his work. Thomas Edison, by the way, was once a messenger boy.

We have already seen how the success of a business depends upon the energetic thinking and planning done by the executive and his assistants whom we call "junior officers." All that thinking and planning will be futile if the rank-and-file workers shirk or blunder. They need the guiding mind of the executive, but he needs equally the work of their willing and capable hands. In a factory a good foreman will turn out a botched job if his workmen are careless, shiftless and incompetent. A business organization has equal need of first-class routine workers. This fact is so well known by business men that many large corporations today will not give a youth the humblest job until several men have examined him carefully and found him to be made morally, mentally and physically of the right stuff.

Let no rank-and-file worker be discouraged because his work is like that of a machine; the machine is tied to its job, but he is free. The machine cannot improve itself; the rank-and-file worker's potentialities are infinite.

3. *Training for higher positions.*—The work of the rank-and-file worker is specially important because it yields that training and experience without which the higher positions cannot be properly filled. Thruout this book I have tried to make it plain that a man

has little chance of success in a business if he starts in at the top. Good business managers will be found almost without exception to have served faithfully in the beginning as rank-and-file workers. Vast amounts of money are lost every year by men who go into businesses which they do not understand. The young man who inherits $100,000 from a father who did not make him serve his time in the lower ranks is almost certain to lose his fortune if he risks it in a business enterprise. The metropolitan newspapers are full of alluring advertisements of "business chances."

A lawyer or a doctor who has a few thousand dollars, being weary of his practice and not satisfied with the five or six per cent he can get from a conservative investment, decides to give up his profession and go into business. It does not enter his head that he should take a humble position and learn something about business before he risks his money or assumes to be a manager. Only luck or good fortune can save such a man from loss.

In business, it is much easier to lose money than it is to gain it. It is a game which your opponents know from Alpha to Omega. That is one of the reasons why the rank-and-file workers' tasks must not be scorned or belittled.

4. *Choosing one's career.*—Many youths of eighteen are unable to decide upon their career. Their parents are at an equal loss. The boy has gone thru the high school all right and has been reasonably

studious, but he has never shown any particular interest in anything but sports. Ought he to study a profession, or should he go into business? That question has been put to me very frequently by young men and by fathers and mothers, and I have always found it a difficult one to answer.

Of one thing I am certain. If a young man really wants to be a physician or a lawyer, or to enter any of the professions requiring much preliminary training and education, his parents should not try to make him a business man. If they are too poor to give him a professional education, he should master stenography and typewriting or bookkeeping and learn to support himself. If he has energy and resourcefulness he will get his professional training without the aid of his parents, or while seeking to earn his living and education he may develop a taste for business, cling to it and be successful.

5. *Certain cardinal virtues.*—But if a youth manifests no leaning toward a profession, shall he go into business, or ought he to learn a trade or go to work on a farm? If he is marked for a business career he will possess some of the following qualities in a striking degree:

First, he will have an instinctive, almost jealous attachment to those things that are his own. A youth who lets others rob him of his belongings without a vigorous protest may be a very fine and generous fellow, but it is doubtful if he was meant to be a business man.

Second, he will be inclined to be neat, systematic, orderly, punctual. Business has use for such men.

Third, he will be energetic, self-reliant, masterful. If a youth is lazy and listless, his body being in sound health, it is to be feared that his sluggishness is deeply rooted in his nature. He will be mediocre in whatever calling he enters, but in business he will be an abject failure.

Fourth, he will show some taste for swapping or trading with good judgment. The boy who likes to trade and swap and buys carefully has in him certain fundamental elements of business wisdom.

Fifth, he will not shirk responsibility or continually blame others when things go wrong. Business is essentially a co-operative affair in which every man must do his part in harmony with others.

A young man entering business in a humble position among the rank-and-file workers should possess or quickly acquire certain virtues that are highly appreciated. He should be eager for work and eager to do it right. He should be conscientious in the performance of every task, and not pretend that a thing has been well done when it has been badly done, or only half done. He must not lose his temper when blamed or criticized even tho he feels sure that he does not deserve the blame. He must be willing to do more work than he was hired to do or is paid for. He must obey instructions and do exactly as he is told and what he is told. In business hours he must give his mind to his work, think about nothing else and

talk about nothing else. In short, he must be a faithful, loyal, industrious, obedient servant.

But you will ask: "Does not the rank-and-file worker do any thinking?" The rank-and-file worker who does not like to think, whose mind does not react quickly in an emergency, is only a machine and sooner or later a machine will take his place. The humblest worker in any business sometimes finds himself confronted by a situation entirely new to him, for the handling of which he has received no instructions. He must think and decide promptly what to do. Then he has a chance to prove whether or not he has in him the making of a real business man.

6. *The cheerful worker.*—Few people realize the commercial value of cheerfulness. In business the youth of sunny disposition, doing his work gladly and finding fault with nobody, has a thousand chances to get on, where the sour-looking, gloomy, discontented fellow has barely one. The fat man is not always a winner, but he has a decided advantage over his lean brethren; he is usually so cheerful and good natured that people are glad to have him around. In business it pays to be an optimist and look on the bright side of things, especially if you are looking for a job or for promotion.

To the rank-and-file worker cheerfulness is certainly a valuable asset. Cheerfulness to be real must be in a man's soul. Its outward expression need not and should not be in any way effusive or conspicuous. A man who is taking a hopeful, cheerful view of him-

self and his life and his prospects need make no effort to prove the fact. He cannot conceal it; you will see it in his eyes and hear it in his voice.

If a man is not naturally a cheerful person he should cultivate cheerfulness, not by wearing an artificial smile, but by making his mind always dwell on the things in this world and in his lot which are so much better than they might be. Cheerfulness, I admit, is under certain circumstances a very hard quality to cultivate.

The cheerful man who takes hard knocks with good grace, who is glad when you are promoted even tho he is not, who will sympathize with your troubles but seems to have none of his own, has a decided advantage in business over the sad-visaged, gloomy man who makes you feel somehow that you are not doing him justice.

I like to think now and then of the old lady who had lost all of her teeth except two and she thanked God "because they hit."

By the way, altho it is probably unnecessary, I may as well warn the reader that by cheerfulness and optimism I do not mean the sniggering, thoughtless, purposeless quality which animates the countenance of the so-called "cheerful idiot," nor do I mean the voluble optimism of the man who is always gripping your hand, slapping you on the back and bidding you to brace up. Nobody has any use for the Cheshire cat brand of cheerfulness. It is the expression of a shallow soul.

7. *Courtesy.*—Many very successful business men have not been conspicuous examples of courtesy either in their dealings with subordinates or in their relations with outsiders. Despite their brusqueness or gruffness or other disagreeable qualities, they have won success because of their great strength of character, their strong wills and their powerful intellects. When a man has made his mark in business, or in any calling, we are all inclined to overlook his faults. If his signature is illegible, we even think that his bad handwriting is one of the signs of his greatness, and if he speaks roughly or crossly to us we are apt to think that his bad temper is also a necessary attribute of his greatness. The successful man gets forgiveness easily.

But the young man must not deceive himself and imagine that he can get on by imitating the faults and defects of his superiors. He must build for himself an ideal and use it as the model in shaping his character. A very little thinking will convince him that courtesy must be an essential quality of his ideal. Courtesy in business makes you treat every man you meet with such consideration that his memory of you will be pleasant. He may have thought your price too high and have bought nothing from you, or you may have bought nothing from him because his terms were not satisfactory; nevertheless he remembers you personally as being a man with whom it is a pleasure to deal.

With the rank-and-file worker courteous behavior

toward his equals and his superiors must become a habit, for he should be able to do or say the right thing at the right moment instinctively and without conscious effort. If a young man's home training has been deficient, he must study the art of courtesy, observe its presence or absence in the conduct of others, and follow its precepts until he finds himself unconsciously doing the gracious thing.

Good manners are only the conventional marks of courtesy; they do not constitute its essence. A gentleman lifts his cap when he meets a lady whom he knows. He apologizes if he brushes against a stranger. He appears at a social gathering in appropriate attire. He thanks his host for the pleasure given. He does not laugh uproariously in a place of business or any public place. He respects his body and keeps it and his attire clean, neat and tidy. He does not bring up unpleasant or disgusting subjects of conversation. His table manners are so perfect that you do not think of them; you certainly never hear him eat. I want the rank-and-file worker to know that all these conventions, which he may perhaps despise or think lightly of, are rooted in courtesy or in regard for the feelings and the welfare of others, and that if he can make them part of his "second nature" he will find the path ahead of him much smoother and easier than if he plunges on recklessly, roughly, crudely, without much regard to the rules of politeness or good behavior.

A young man must not get the impression that the

exercise of courtesy involves any lack of self-respect or display of false humility. About real courtesy there is nothing ingratiating, humble or self-deprecatory. King Edward VII was said to be the most courteous man in Great Britain, but he did not lack pride or tolerate any lack of respect due to his high station. The most courageous man is often the most courteous.

8. *Personal appearance.*—A man's personal appearance is part of his personality and makes an instant impression upon strangers. A young man who is careless about his looks, priding himself on not being a fop or a dandy, may seriously lessen his chances of getting on. A youth who is courteous and well dressed, but not over-dressed, is always preferred to one who is awkward and uncouth of manner and whose clothes look as if he slept in them. Fine, expensive clothing is not necessary. Dressing is an art; it depends more on taste than on money.

Some years ago a young man who had proved himself a good student came to me and said he must go to work. Fortunately I was able to help him get a job with a firm of accountants. A few weeks later he reported at my office again and said he was looking for another place. "Why have you lost your job with the accounting firm?" "Because work was slack and men had to be laid off," was the answer. I took time to examine him more critically than ever before, and then said to him: "You never will hold a job unless you get your hair cut, keep your finger-nails

clean, keep your teeth white and clean, keep your clothes brushed, keep your shoes polished, and always wear a clean shirt and clean collar." He took my advice sensibly, brushed up his personal appearance, and within six months had a position which paid him $1,800 a year.

Business men lay great stress upon personal appearance. If a young man answers an advertisement and writes a letter that pleases and commands attention, he will be asked to send on his photograph, and the people whom he has named as references will be courteously asked for information with regard to the young man's character, ability and personal appearance. If a young man's personal appearance is not prepossessing, he simply is not wanted at all.

9. *Punctuality.*—One of the reasons why it is a good thing for any youth, no matter what his career finally may be, to spend a year in business working in some humble capacity, is that he discovers the importance and value of punctuality. In a well-ordered business the clock is the tyrant. Things must be done on time, engagements must be kept to the minute, instructions must be carried out not at "any old time," but now.

No factory superintendent wants a machine in his shop which every now and then comes to a standstill, or which now and then refuses to start in the morning. Such a machine upsets all calculations as to the capacity and daily output of the shop, and if it cannot be repaired and put in first-class order it

is scrapped and a new machine is put in its place.

As has been frequently said, a business organization is in many respects comparable to a factory, altho in business most of the machines are human beings. If any employe is not on time either in performing his task or in keeping an engagement, he lessens the efficiency of the entire organization. Business men know this fact and therefore insist upon punctuality.

For the rank-and-file worker punctuality is a cardinal virtue; lacking it he will not even hold his job.

10. *The man in a rut.*—Many men both young and middle-aged contract certain business habits, learn fairly well the routine way of doing their tasks, and then plod along patiently, faithfully and conscientiously, but somehow are never promoted. They are prisoners of the rut and do not realize that their employer does not promote them for the reason that they have never given him the slightest ground for suspecting that in a higher position their usefulness to him might be increased. They are doing fairly satisfactory work in the jobs to which they are accustomed. Why make any change?

Today I heard a man finding fault with his secretary for having done something in a routine way—i.e., without thinking.

"But that's the way it's always done," pleaded the secretary.

"I know that," he replied, "but it's a stupid way

and you would have found a better way if you had thought for two seconds."

Nobody likes to get into a rut. Is that true? Not a word of it. The rut woos the young man most seductively. "Just come to me," it says, "and I will make you comfortable. See how easy I make things for those who love me. If you will only walk upright in my beaten path you will never worry or get wrinkles or break your legs, and your salary will be automatically increased on every New Year's Day."

That is the siren call of the rut, and 90 per cent of young men think it sweet music.

Can you imagine John D. Rockefeller walking in a rut; or Frank A. Vanderlip, or Jacob H. Schiff, or Thomas A. Edison?

"But those men have extraordinary brains and you surely can't expect us ordinary fellows to do what they have done."

You are mistaken. It is not their extraordinary brains that have made them successful. Those men have made good because they were willing to think and because they hated the rut.

11. *Hidden perils.*—Many hidden perils lie in the path of the routine worker, all of them apparently so insignificant that he does not realize their importance. In this section we will point out some of the things that must not be done if the routine worker wishes to forge ahead.

(a) He must not visit in business hours. To do

so is to waste his employer's time. When young men and young women are working in the same office, the routine worker is often strongly tempted, but he must not yield. In business there is plenty of time for courtesy, but not for gossip and flirtation or compliments.

(b) He must not be sullen or grouchy when asked to do extra work or to work overtime. In all business organizations emergencies arise which can be met only by extra effort on the part of some of their employes. A temporary increase in the volume of business necessarily means extra work and overtime for somebody, for it would not be fair to expect the employer to keep on the payroll a number of men who have nothing to do except at extraordinary times. The ambitious rank-and-file worker should welcome the extra work, for it gives him a chance to show his mettle, his spirit, his love of work.

(c) He should not be an envious, sneaking, tale bearer, seeking favor with his superior by reporting the misdeeds or delinquencies of his fellow-employes. It is his business to do his work faithfully, not to watch his fellows. The tattler is always a trouble maker in an organization. If your employer wants you to be a spy, he will tell you so.

(d) He must not come to work in the morning all tired out because of late hours of dissipation. A man who has had only half enough sleep is always below par. He usually thinks he can conceal the fact, but he cannot. If late hours and dissipation are a habit

with him, those working with him will soon know it, and before long he will hear unpleasantly from the "boss."

(e) He must not be a sorehead, forever complaining about his work or his pay. A man of that sort is like the one bad egg that spoils an omelet; he is an enemy of *esprit de corps,* that subtle force which is the very soul of the organization.

(f) He must not be too easily discouraged because his pay is not increased, others being promoted ahead of him. He should, on the contrary, seek to make himself more valuable to his employer. If others get on faster than he, he must search himself for the reason.

(g) He should not change employers without very good reason. Business men are always suspicious of a man who has worked for a number of concerns, but never long for any one. They assume that something is wrong with him, and the assumption is usually correct.

(h) He must not seek to avoid the disagreeable tasks. A man who always wants a smooth, easy, pleasant job, never gets a high rating in business.

(i) He must not be a listless, perfunctory worker. Thruout the day he must be absorbed in his job. He must give the best of himself to it then he may be chosen for high-class work.

(j) He must not make mistakes thru carelessness. Ignorance is bad enough and may be forgiven, for a routine worker is not expected to know everything.

but a second mistake of the same kind cannot be excused on the plea of ignorance. It is the result of carelessness, heedlessness, thoughtlessness. The routine worker who blunders thru carelessness is usually not interested in his work and is letting his mind wander away from his job. The careless worker soon comes to grief.

(k) He must not seek to defend himself by lying or misrepresentation. If he has made a mistake, it is much better for him to admit it bravely and frankly than to seek to shift the blame to somebody else. Employers demand absolute candor from their employes. One break of this rule may give a man a reputation which will forever keep him out of positions of trust and responsibility.

12. *On getting a start.*—Young men from the high school or college are often greatly puzzled by the seemingly insurmountable difficulty of getting a fair start in business. As a rule they do not know what kind of business they want to go into, and even if they do, they do not know how to get their first job. They answer advertisements, but are everywhere told that men of experience are wanted. If they are always to be turned down because they have not had experience, how shall they ever get experience?

A young man looking for a start in business should bear in mind three most important things: First, after advising with parents, teachers and friends, he should decide just what he wants to be. If he finds it impossible to decide, then let him for a time forget

the matter. Second, he should go after his job himself, and not ask somebody else to find a place for him. If unaided he lands his first job, not only will he enter upon it with pride and with some confidence in himself but, more important still, he will have proved to himself and to his friends that he has some genius for business. Third, if he finds after trying for a time that he cannot get the kind of job he wants, he should take the first one offered.

Friends and relatives are always willing to help a young man get his first position, and it is quite proper for a young man to make use of such help both in finding the job and then in landing it. He will doubtless need letters of recommendation with reference to his character and ability, and he should not hesitate to ask his friends and teachers for such letters. But it is best that he find his own job. Let him think of himself as being already in business. *He has a job as salesman. He is looking for a buyer of his services.* The rebuffs and disappointments he endures are the common lot of most business men. Let him know that if he gets discouraged and gives up he is proving himself unfit for business.

The beginner should watch carefully the advertisements in the newspapers, but he must not rely entirely upon these. Many first-class business houses never advertise at all when they are adding to their force of routine workers. They have other ways of finding desirable young men; sometimes they use the aid of their own employes, or they make known their

wants to the heads of high schools or schools of commerce or colleges, and sometimes they make use of employment bureaus. But the beginner should watch the advertisements and follow up those which seem to offer him a chance. If the application is to be sent by mail, he should by all means make his letter brief and to the point. He will learn how to do this if he reads carefully the Modern Business Text on "Business Correspondence."

Usually a young man is able to get a clue to an opening from some of the friends he has made at school who have already got into business. They know the stuff he is made of better than anybody else, not excepting his father and mother. They are also in a position to hear of chances for a new man. The more friends a young man has made, the easier he will find it to get a start in business. If he lands a job by the aid of friends he himself has made, he may credit himself with having found the job; but if he lands it thru the aid of his parents or relatives, or their friends, he deserves no credit.

If he is granted an interview, he should go to it well-dressed, but not over-dressed. He should approach the business man neither boldly nor timidly, but with modest confidence in himself, bearing in mind that he has a perfect right to be there. He should answer all questions with the utmost candor and truthfulness. When he sees that the interview is over, he should leave at once—and not ask questions.

The youth who has gone thru college or a university school of commerce, or who has completed the Modern Business Course and Service of the Alexander Hamilton Institute, if he has had no experience in business, must expect no special favor at the start. His advantage over the lad who started in at fourteen must be demonstrated by the quality he displays in the lower grades of business.

13. *Education and advancement.*—It is not necessary here to point out the advantage of mental training in business. A generation or so ago business men were sceptical about the practical value of the so-called higher education, but today the university man has proved his worth in business.

The question we have to consider here is what kind of education should the rank-and-file worker have had. There can be only one answer. If he wants to become more than a routine worker, he should have had in his youth the best possible education he could obtain. *The man with the right kind of training, or who has mastered the Texts and literature of the Alexander Hamilton Institute, has ten chances of advancement where the untrained youth has one.*

It might appear from what I have said about the responsibilities of the rank-and-file worker that he need not do any thinking, his duty being simply to get his particular task done properly and on time. It is quite true that he is not hired to think, and is not paid for thinking, yet if he is the right kind of man and wants to get on, he will do some real thinking. He

handles the details of the business and is in the best possible position to discover unnecessary waste, friction or inefficiency, and to devise and suggest methods of improvement. The rank-and-file worker whose mind is alert, who comes forward now and then with a useful suggestion, always modest but self-respecting, soon comes to be regarded as a very promising member of the organization and is in line for rapid promotion.

A man in business who is ambitious to get on rapidly must rely not upon his education, but upon the power in himself which his education has helped to develop.

14. *Wages.*—Several million men of various ages are toiling at the drudgery of business in the United States, and probably over half of them believe that they deserve more pay than they get. To the worker his wage seems a pitiful one as he compares it with the big salaries paid to the executives, or with the dividends received by stockholders. He and his fellows work hard every day; in fact, they do all the work; the executives seem to him to be having an easy time, and the best paid man of all, the chief executive, apparently has less to do than anybody else. Why, he asks himself, should the men who do the real work in the business have so little share in the profits? If he takes time to read, he will find his views with regard to his wages set forth and defended in apparently scientific fashion in many books, periodicals and newspapers; and, as an American citizen, he will

cast his vote for the politician who promises to advocate not only a minimum wage law, but higher wages for all workers.

If the worker dissastisfied with his wages will read faithfully the Modern Business Texts, especially Volume 2 on "Economics," he will discover that he should be dissatisfied not with his wage, but with himself and, to some extent, with his ancestors. A low wage is not a desirable thing, and it is a pity that any man should have to work eight or nine hours a day and yet receive in pay barely enough to feed and clothe him. But his employer is not to blame, for his employer does not fix the rate of wages. The workers themselves are more responsible for the rate of wages than the employers. The residents of New York City complain of the high rents exacted by landlords. Most of them do not realize that the rents are not fixed by the landlord, but really by the tenants, the landlord merely accepting the high rentals offered by the tenants. Competition among the tenants of houses puts up rents; in the same way, competition among workers keeps down wages.

Under our present industrial system a worker's wages depend entirely upon the value of his services. The value of anything tends to increase in proportion to its scarcity. The wages of clerks, of stenographers and of bookkeepers are low because these callings demand little preliminary education or training, and the applicants for positions are usually greatly in excess of the demand. Shall we blame the

"cruel" law of demand and supply, or shall we blame the parents who do not make every effort and sacrifice in order that their children may be trained to do more valuable service or to work in a field not already over-crowded? A good stenographer and typist, if she has had the right mental training, may become a private secretary, may learn a great deal about business, and finally may become a business executive. But if the stenographer's education was merely that of the public school with a few months in a business college, the future contains little promise. The job is easy to learn and too many are after it.

The insufficient wage is like the toothache, the corn or the bunion; it is the product of wrong conditions, it indicates lack of proper adjustment to the environment. If the wages of routine workers in business were all raised at once, so that no worker got less than one hundred dollars a month, sentimental and shallow people would rejoice, but the real effect would be evil. Many a man would be robbed of the motive for self-improvement and would stand still forever. The low wage acts as a spur, rousing the lazy and listless, stimulating the ambitious, and driving all into their best effort. For the man of weak ancestry and poor training the low wage is a goad or whip to which he is almost unable to respond. That is a sad fact and the existence of such men in large numbers in a civilized country creates a social problem of the utmost importance, but the problem will not be solved

by giving those men higher wages. They and their children must be taught to render to society a higher service.

The rank-and-file worker in business should not complain much or often about his wages. He should seek rather to make certain that he really earns more wages than he receives, that he does more and better work than is expected of him; then sooner or later a rise of wages is inevitable.

REVIEW

For what reason is the work of the rank-and-file worker important?

Name some qualities that a young man will show to a high degree if he is marked out for a business career? What qualities may he cultivate to advantage after entering business?

Discuss the commercial value to a young man in business of cheerfulness; courtesy; personal appearance; punctuality.

If the routine worker wishes to succeed in the business world, what things should he avoid doing?

How should a young man proceed in securing his first position?

What do you believe to be the determining factor in wages? If all persons earning less than $100 a month were raised to that figure, would you regard it as an evil or a benefit? Discuss.

CHAPTER XIII

PERSONALITY

1. *Intuitive judgments.*—A few years ago a college professor who had had business experience made an experiment with members of the entering freshman class. He had been assigned as faculty adviser of some twenty members of the class, and it was his duty to help in the selection of their studies. Involuntarily this college professor found himself sizing the young men up—feeling certain that some of them were going to be good students, others mediocre, others very poor.

It occurred to him that in a sense he was a diagnostician and that he ought to keep a record of each case. So after each interview he jotted down his impressions in a note book. Of one he wrote: "Has ability, lots of grit and energy and will finish near the top."

Of another something like this: "A good mind, fairly well prepared, but lazy and pleasure-loving; in college for the fun of it; will be a fraternity man and a patron of athletics, but will not shine in his studies."

Of another: "Has an ordinary mind and seems in all respects colorless—doubt that he will finish his freshman year."

Of another: "Able but nervous, excitable and moody—likely to break down in health unless he exercises regularly."

And of three men he wrote something like this: "Smart and enterprising fellows, but very conceited. They will make trouble."

At the end of the year the professor was able to test his offhand judgments by a comparison of his notes with results and in almost every instance his colleagues before whom he laid his notes, admitted that his first impressions had been sound.

Now, how did he judge those men? Was he a mind reader, a physiognomist, a phrenologist? Not at all. He judged them by no hard and fast rule, but by the common-sense method used by all business men who have had much experience in the hiring of young men—merely by the impression each made upon him. This method of judgment is sometimes called intuition.

The professor judged the students by their personalities. He did what business men are doing every day when they are hiring employes or dealing with strangers. When we meet a man for the first time, it is his personality that impresses us, and involuntarily we form an opinion of him. The greater our experience in handling men, the more likely that our first impression will be correct. As we talk with a stranger we may find that he is more intelligent than we had at first supposed, and later when trying to close a deal with him we may find that he is not quite

so plastic as we had at first believed. But, generally speaking, we are surprised if we discover that our first impression was altogether wrong.

2. *Meaning of personality.*—By the personality of a man we mean those qualities which singly or in combination distinguish him as an individual. All men are alike in certain important respects, but as individuals they differ from one another like the leaves in a forest. We never find two men exactly alike. Shakespeare's two Dromios produce a comic illusion of identity. The audience cannot distinguish one from the other, but we know that the likeness is superficial.

Involuntarily and in accordance with our experience and training we divide men into different classes. The teacher thinks of students as bright or dull, mischievous or orderly and peaceful, lazy or ambitious. The retail merchant wants his clerks to be courteous, prompt, accurate, honest and loyal. If a youth possessing these traits applies for a job, the merchant is favorably impressed, altho he may not know just why. In a way that no science has yet explained a man's personality is stamped not merely on his face, but on his speech, on his looks and on his manner. Everyone of us carries a personality trade-mark. No matter how much we try to hide or disguise it, men of experience will always see it with a clearness that seems uncanny.

Personality is the man himself. It is not what he pretends to be nor what he would like to have people

think he is. It reveals itself in different ways, some of which psychology has discussed and described, but others are so subtle that they baffle scientific analysis. Hence in the reading of personality we must rely largely upon intuition, or as I have said, upon common sense backed up by experience.

3. *Strong personalities.*—When a man is strikingly different from most people we know, we say that he has a strong personality. That is our way of recognizing the fact that he is not just a person. He is a person plus something extraordinary, and this extraordinary quality is somehow expressed in his bearing or speech. All of us know men who could not walk into a hall containing an audience of entire strangers without at once attracting attention, everybody feeling that here is a man of unusual quality.

"Who is that young fellow? I want to know him."

That question was asked by a successful business man who was about to address a class of college students. The face and walk and bearing of a student going to his seat had given rise to the question. The young man had personality. He was ambitious, eager for work, tireless.

Mere physical bulk is not essential to the possession of a strong personality. Moral and mental characteristics are much more important. Yet the tall, broad-shouldered, well-muscled man, vigorous of health, has undoubtedly a certain advantage over a smaller man. Most people are impressed by mere

size. Of two men possessing practically the same moral and mental qualities, the six-footer usually makes a better first impression than the man who stands only five feet six. But on a very short acquaintance we discover that the two personalities are practically on a par.

Nevertheless, there is a prejudice in favor of size and there is a reason for the prejudice. It is a common remark that the successful business men of America are as a rule physically strong and energetic. Envious and unsuccessful people are sometimes heard to explain this fact by saying that the successful business man is big merely because his success has given him a chance to be well fed, well housed and free from worry, and that if he had failed in business, he would be as lean and physically unfit as Cassius.

A young man need not worry about his stature. His success in business does not depend on that. He may develop a strong personality tho he be only five feet tall. Let him remember that Napoleon was below medium height, and that Jay Gould, Russell Sage and E. H. Harriman were slender men. At the same time, a man to make the most of his personality must take the best possible care of his body.

4. *Disagreeable personalities.*—It goes without saying that a strong personality may be either attractive or repellent, and that in business a repellent personality is a serious handicap. There are many different types of disagreeable personalities, but we

will consider only a few that are commonly found in business.

First, there is the big "I," the pompous man who seeks to impress you with his own importance. He may be suave and dignified, or he may be over-gruff and dictatorial. He may make you feel small or he may just disgust you. At any rate you go away hoping that you will never have to meet him again. In the language of the street, he is the "chesty" man.

Then there is the opposite type, the wheedler, the flatterer, the man who professes to think you are "it" and that he is nothing. He is in the Uriah Heep class. Self-respecting, sensible people do not like to do business with such men.

Then there is the egotist, the man of such naïve and boundless conceit that he incessantly boasts of the great things he has accomplished. We laugh at him, but he bores us. His abnormal conceit gives him personality, but it costs him many dollars if he is in trade.

Finally, there is the ultra-suspicious man. He is an animated question mark and insists upon all sorts of information before he will do business. He prides himself upon his intelligence and far-sightedness, and always acts as if afraid that you are trying to deceive him. When a business man lets his fear of trickery completely dominate his character and conduct, he acquires a most objectionable personality.

Whether a disagreeable personality is strong or

not depends upon the will and determination with which the disagreeable qualities are exercised. The man of weak will cannot have a strong personality.

5. *Value of personality in business.*—As we have seen, personality is the outward expression of a man's real self. If the man is weak, vacillating and without ambition, he is said to lack personality. In other words his nature is drab, having no qualities that attract attention. On the other hand, if he has certain strong qualities, being, we will say, very self-reliant or positive in his opinions or intensely interested in his work, he has personality.

Evidently a personality which is the expression of desirable qualities or characteristics will help a young man to get a position, and will help him rise to higher positions. As a rule, business men care much less about letters of recommendation than the applicant for a job imagines. Let ten men answer an advertisement, all but one having excellent references. If the personality of the tenth man is the most attractive, the chances are that he will get the job, with the condition perhaps that upon investigation his statements about himself are confirmed.

The reader must not suppose that business men are guided altogether by first impressions, for they are not. But when they are looking for a man to fill any position, whether it be a humble one or a post of responsibility, the impression made by the applicant's personality is very important. It may be a good one and lead to further inquiry, or it may be a bad one

and cause the applicant to be turned away without consideration.

It would be impossible to describe the many ways in which personality is helpful to a man in business. Personality is in a sense only another name for character. It sums up the dominant, striking characteristics of a man. If you say that a man has a strong personality, it is the same as saying that he has strength of character, that in certain positions he will be forceful, energetic, efficient. The opinions and suggestions of a man with strong personality are listened to with respect, but to the words of a man lacking personality, few men give a willing ear. Hence personality of the right kind is something that young men in business should take pains to cultivate.

6. *Possibility of development.*—Many people are fatalists and will seriously question the ability of a man to change his character in any way as a result of his conscious efforts. A man born of weak-willed ancestors is certain in their opinion to be cursed by weakness of will thruout his life. If he is born timid and self-mistrustful, they think no amount of training will make him brave and self-reliant.

I refuse to subscribe to such a philosophy of pessimism. Resolute, purposeful, regular exercise of the brain or of the will produces definite and measurable results. Every young man knows that he can build muscles by faithful exercise in a gymnasium. Discipline of the mind and character perhaps is more difficult than discipline of the body, but the results,

the strengthened will, the increase in intellectual power, are not one whit less certain. Most young men fail to realize the truth of this statement. If they are dull of intelligence and are ranked as dunces by their teachers, they envy their cleverer comrades and accept their own dullness and stupidity, either as a providential infliction, or as an inheritance from their ancestors. At any rate, it seems to them a natural handicap under which they must always labor.

Fortunately the writer has known young men who have not been crushed by their consciousness of intellectual dullness. One such young man came to the New York University School of Commerce ambitious for a higher education. He was a machinist and by long and hard study at night had been able to pass the state examinations which gave him the standing of a high school graduate. In the University he failed again and again and became the subject of serious discussions in faculty meetings, some of the professors feeling that the youth was wasting his time. But he refused to give up or be discouraged. Finally, after six years of effort, he succeeded in accomplishing what the average youth does in three years without great effort. At the age of thirty he had successfully passed the state examinations and become a certified public accountant. The last word from his employer is:

> He is faithful, tireless and absolutely dependable. He is a bit slow perhaps, but that is because he won't do anything until he is dead sure he is doing it right.

Since the work of an accountant calls for much more than ordinary intellectual power, it is evident that this youth, by his own effort more than thru the aid of his teachers, developed mental power which he would otherwise not have possessed. At the same time he strengthened his will and personality.

7. *Qualities a young man should cultivate.*—As was pointed out in the chapter on "Personal Efficiency," a young man free to choose a career should seek to develop to the utmost his finest native characteristics, and then to get into the occupation for which he seems best fitted. But if circumstances practically force him into a certain business, then he must seek to develop in himself those qualities which his occupation especially calls for.

There are, however, certain qualities which all young business men might and should possess, no matter what their occupations. The most important of these are self-control, self-confidence, courtesy, a mind eager to know and understand, and a resolute but well disciplined will. From our present point of view these qualities are important because of the part they play in the building of a strong personality.

8. *Resolute will.*—The will is usually thought of as a single quality of our mind. In fact, the older psychologists divided the mind into three parts, the functions of which were knowing, feeling and willing. This is now recognized as being a crude and inadequate classification. A human being cannot be split

up into parts. A man is a single entity. His willing is a result of his desiring, and desire is usually born of knowledge. So when a man wills, his whole being is in action. Hence to cultivate the will means to cultivate the whole man. There must be no pretense that this is an easy or a simple task.

If a man is born with a small and retreating chin, he will probably be told before he is twenty years old that nature has given him a weak will. And then, so strong is the influence of what the psychologists call suggestion, he will accept his weak will as a desperate fact. Yet a weak-willed, vacillating man, if he is handled right and is wise enough to handle himself right, can become a strong, forceful, dominating character before he is forty.

But is not this paradoxical? Must not a man have determination, power of decision and resolution in order to cultivate himself? And are not these the very traits which the man of weak will lacks?

Undoubtedly there is here an apparent paradox, but it is no more perplexing than the paradox which confronts a physician treating a case of chronic dyspepsia. The weakness of the stomach cannot be cured unless the whole system is toned up by digested food. But, alas! the stomach cannot digest food. It would seem, therefore, that dyspepsia, once existing, should be eternal. Yet we know that dyspeptics, despite their gloom and hopelessness, often do get well. So let the man of weak will take courage. His weakness is not incurable.

Vigorous assertion of the dominance of will power characterizes recent writings. Read the following:

> Yes, a thing invulnerable, imperishable is within me; a thing that blasteth rocks; it is called *my will.*

Let the young man know that this "invulnerable thing" is within him, that he commands it, and that knowing and feeling are part of it. Then let him convince himself that his character, his personality need a stronger will. Let him picture to himself the joy he will find in possessing that stronger will and the advantages it will bring to him in business and in all of life. Then he will find himself resolutely determined to do the things that make for strength, and to shun the things that make for weakness. And his character and his personality will strengthen. He need not worry about his chin. In time there will be subtle changes in his expression and in every act, which will mark him clearly as a man of resolute purpose.

A man of will does not do the things he wants to do if he knows he ought not to do them, and he does promptly things he dislikes to do if he knows he ought to do them. He is not controlled by impulse or the desires of the senses, but by intelligence and desire pulling together.

9. *Self-control.*—Arnold Bennett in his interesting book called "The Human Machine" suggests that a man should get into the habit of thinking of himself as a machine. Man is certainly the most complicated

machine on the earth. If you get pleasure out of your ability to control the movements of an automobile or of a motor boat or of a horse, how much more joy should you get out of your power to direct the movements of that most complicated machine of all—yourself.

If a man will spend an hour or two every day grooming and training his horse or in cleaning and tuning up his automobile, how can he excuse himself for neglecting himself? A man is exclusive owner of that machine—self. In the eyes of others he and the machine, self, seem one and the same thing. Yet they are not the same thing. You, John Smith, are not identical with your power to remember, to feel, to think, to live, to breathe. You are in command of a machine which enables you to do all those and numerous other things.

By self-control we mean simply the power to make the entire human machine do just what we would have it do, and nothing else. You do not enjoy the feeling of anger, but that feeling will rise in your heart unless you serve notice on the will that anger must not be admitted unless it brings a card of introduction from the intellect. Such feelings as envy, jealousy and hate must be absolutely barred out. They are most disagreeable feelings and always injure you more than they do the people against whom they are directed.

Perhaps you have a bad habit of speaking heedlessly and thoughtlessly and are therefore constantly

obliged to correct yourself. Let your will clearly understand that the tongue must not act without the approval of the intellect. In other words, you must learn to speak with deliberation.

Let the will know that temptations to excessive indulgence in any kind of pleasure must be promptly denied. In danger, do not let yourself get excited, and in critical emergencies, do not let worry enter. Worry and excitement are enemies of clear thinking, and if you do not think clearly, your machine will in time be ditched.

Surely a young man who conscientiously seeks to get control of his own machine cannot fail to acquire personality and to increase the value of his services as a business man.

10. *Knowledge and self-confidence.*—All successful business men must trust their own judgment. They are self-reliant. They have learned their power and they know what they can do. In the conduct of their business they do not ask the advice of other people. If a totally new problem arises, they rapidly study all its phases and then make instant decision. They know by experience that if they hesitate or ask advice, or deliberate too long they will be lost.

Self-confidence is one of the essentials to business success. The man who possesses it in a high degree has a personality which drives everything before it.

Self-confidence is based upon knowledge. A man must know his strength before he can be certain of

his ability to lift a given weight. So a man must know the difficulties lying in the path of his enterprise before he can possess confidence in his ability to overcome them. Knowledge is the only sound basis of confidence.

Hence young business men seeking to strengthen their personality should devote a good part of their time to the study of business principles and practices. A youth who enters a bank and is content merely with the mastery of the task assigned to him will lack confidence in his ability to do the more difficult tasks higher up. But let him study finance, and learn all he can about banking operations in general, about credit, about bond and stock markets and about foreign exchange, then the tasks of other employes of the bank will appear to him in a new light and confidence in himself will be born. He will discover that the men above him know but little more about their work than he does himself, and some indeed he may find will know even less.

Sometimes we hear a college graduate say: "I do not know that I learned anything in college that has been of value to me, but I am sure it was worth while to go thru college, for it gave me confidence in myself."

In a way this view of the value of education is perfectly sound. Physicians say they are taught much in the medical schools which they never expect to utilize, and law students pass examinations in many branches which will never possess any real value in

their practice. But the young lawyer and the young doctor must have confidence in themselves, and that they cannot have if they suspect that their mental equipment is inadequate.

11. *Self-confidence is not conceit.*—This is a good place to note the great difference between conceit and self-confidence. Conceit is an enemy of success. It is a foolish and unproved belief in one's power or ability. Conceit rests, not upon knowledge, but upon vanity.

The man of supreme conceit acquires an odious personality. Men mistrust him, for he cannot conceal his conceit. Your truly self-confident man may be very modest and claim little for himself. He is satisfied to show his power by doing things. He has no fear at all of being under-estimated. But the conceited man, knowing in his heart that he is really not what he pretends to be, unconsciously seeks to make himself seem very important. So he poses, throws out his chest, and is found out.

The only remedy for conceit is knowledge, which may be got only by study and thru experience.

12. *Courtesy.*—Of all the single qualities which may be made to lift a man above the crowd and so give him personality, courtesy would appear to be the one easiest to cultivate. If that is true, it is really remarkable that discourtesy is so often encountered in the world of business. In all our large cities one hears frequent complaint about the discourtesy of salesmen and dealers. All intelligent business men

know the importance of courtesy in dealings with customers, but they certainly have difficulty finding employes equally wise. Many a retail business has been wrecked by the brusque, unobliging, critical and sometimes insolent attitude of clerks.

The essence of courtesy is regard for the feelings of the other fellow. Courtesy demands that you should be eager to save the other fellow from disagreeable sensations and emotions; that you should not take advantage of his embarrassment, but should seek to make him feel at ease; that the tone of your voice should be pleasant and betray no irritation; that your clothing should be neat and in good taste; that you should not too vigorously urge the customer to buy something for which he does not seem inclined.

Let a young man cultivate cheerfulness, good manners, easy but correct speech, cleanliness, and a good personal appearance without aiming at foppery or succumbing to conceit, and he will certainly achieve a very desirable and valuable form of personality, and at the same time he will be cultivating self-confidence, will, and self-control. He will never be mistaken for a mollycoddle; if he always has in mind the comfort of the other fellow, he will never be too suave or too polite. A drop of honey sometimes is all right, but a bucketful is sickening.

REVIEW

What is personality?

Recall some characteristics which make personality a handicap.

Explain how will power dominates disadvantages and develops character and personality.

When is self-confidence justified, and why is conceit always obnoxious?

CHAPTER XIV

CHARACTER ANALYSIS

1. *Character and personality.*—Some of the most important words in the English language are the hardest to define. Who can tell, for example, what happiness really is? Who can define love in a way that will satisfy a lover? Character is one of these indefinable words. When you know what a man is, how he will think, feel and act under certain circumstances, or, as the psychologists say, how he will "react" under various stimuli, then you know his character.

Ability to judge character correctly is an essential to success in business. Most successful business men form quick and usually correct judgments as to the capacity and quality of the men with whom they are thrown into contact. Just how they do it they themselves cannot tell; indeed, this is a subject on which no scientist can yet speak with anything like authority, for no complete and scientific study has yet been made of all the physical manifestations which invariably accompany various mental traits. In our judgments of character we must rely upon common sense rather than upon any scientific rules of observation.

By common sense we mean those judgments or

opinions which are generally accepted as true among people who are called sensible, the man who does not accept them as true being commonly known as a crank. Common sense is the unconscious fruit of a multitude of experiences and observations common to all the people in a community or country. Common sense is not carefully reasoned out. When a man flies in the face of common sense we laugh at him and will not listen to his excuses. "He ought to have known better than to skate on such thin ice," we say when a man breaks thru and is nearly drowned. If he is an engineer and comes forward with a carefully prepared calculation showing that the ice was thick enough to support his weight, we are not at all interested or convinced—he is a mathematical crank and does not get our sympathy. Common sense is a despot who accepts no excuses.

2. *Does character mark us?*—Since by the exercise of ordinary common sense we do often size up a stranger with a considerable degree of accuracy, it would seem to follow that character is somehow stamped upon the exterior. I do not see how we can escape from this conclusion. An expert breeder of horses, judging by marks not noticed by the average man, quickly discovers the quality and value of strange horses. The thorobred he recognizes at a glance; so he does the cayuse or the mixture of cayuse and thorobred. Judging two colts, he knows that one will make a safe family horse and that the other will be skittish, tricky and dangerous. The same is

true of dog and cat fanciers. The animals are marked by their characters and the experts can read the marks.

When we consider that each of our thoughts and emotions is the result of certain physiological changes which bring pressure of some kind to bear on what we call the will, either quieting it or arousing it to determined action, it would be strange if man's physical exterior and behavior did not correspond with his inner or mental experiences. We know well enough that certain violent emotions produce marked changes in the countenance and bearing of a man. We are all familiar with the signs of anger, fear, doubt. In an emergency the timid or cowardly man involuntarily betrays himself, not by his reluctance to do something bold and brave, but by the look on his face when he tries to act bravely or boldly.

In the light of such well-known facts, all of which are matters of common sense, we are almost forced to conclude that a man's exterior reveals the character that is within him; that, therefore, if a man wants to be thought truthful by his fellows he must be truthful; that if he wishes to be thought brave he must be brave; that if he wishes to be thought steadfast and purposeful he must be steadfast and purposeful; that if he wishes to be thought an ambitious man of high ideals he must actually be that kind of man. In ways which science has not yet classified or analyzed a man's character is stamped on his face, bearing and manner of speech. It is worth while, therefore, for

us to consider some of those signs which help us to get an idea of a stranger's character.

3. *Phrenology and physiognomy.*—We must first briefly examine the pretensions of two pseudo-sciences, phrenology and physiognomy. The phrenologist professes to be able to read a man's character by an examination of his cranium. The physiognomist looks for the evidence of character in the face, laying stress upon the size and shape of the nose, the size of the mouth, the thickness of the lips, the chin, the ears, the jaw, etc.

These two sciences are called pseudo, or false, for the reason that their conclusions are based upon imperfect inductions. Phrenology, for example, locates the memory near the center of the forehead, and the ability to judge of color, size and form just over the eyes; philoprogenitiveness, or love of children, amativeness, love of the other sex, combativeness and destructiveness are indicated by bumps in the back part of the head. Veneration and benevolence are shown by bumps at the top of the head in the front. A man with a high forehead, full at the extreme right and left, will have great imaginative power and lean toward poetry and the arts.

The trouble with these assertions of the phrenologist is that they have not been proved by careful or scientific observation. The psychologists say they cannot be proved. The mind, says the psychologist, is a complex thing; what the mental reaction of a man will be in the presence of a given stimulus cannot

possibly be inferred by the presence or absence of any single quality. In all their actions men are controlled by a complex of motives or desires. The psychologist, therefore, is inclined to treat the claims of phrenologists with scorn.

Physiognomy is also denied admittance into the high courts of science. That thick lips always indicate sensuality or love of pleasure, that the small "snub" nose is a sign of weak will, that the prominent chin or jaw must mean firmness or obstinacy, the scientific psychologists will not admit, for these statements have not been verified by repeated and impartial observation.

The business man need not concern himself much about the claims of phrenology and physiognomy. Even tho it were granted that there is a large measure of truth in the claims of both of these so-called sciences, it would be impossible for the average business man to master the technique necessary for a fruitful application of their principles. The best he could do would be to engage a properly trained employment manager or a professional phrenologist or physiognomist to pass on the men whose characters he wishes to be sure about, but even then he would be obliged to rely upon himself in his dealings with men who were not his employes.

Phrenology and physiognomy, altho we call them pseudo-sciences, are undoubtedly based upon a multitude of hit-and-miss observations by all sorts of people. If a stranger has a high and full forehead, we

expect him to be intellectual; and if at the same time his lips are full and red, we shall be surprised if he does not greatly enjoy the pleasures of the table, for he has what the Yankees call a "pie mouth." If his neck is small and the back of his head rather flat, we shall not expect him to be a very affectionate husband or father. We reach these conclusions involuntarily without a thought of either phrenology or physiognomy, and we are all ready to change our opinion if later we discover that our first impressions were erroneous.

It is a fact that we do make judgments of people based on the shapes of their heads and the contour and expression of their faces. We do this just as the unscientific farmer judges as to what crop he shall plant in a certain field, or just as the old sailor reads the signs of the weather. The sailor and the farmer are both unscientific, but they astonish us by the frequency with which they "guess" right. So in sizing up a stranger, if we have had much experience with men, it is quite proper for us to rely on the impression he makes upon us in the first interview.

We must get our ability to judge men mainly thru our own experience. One who has had little experience with life and who has met but few people would be completely bewildered if he were suddenly brought into contact with large numbers of people. That is one of the reasons why farmers and respected citizens from small towns are so easily deceived and "buncoed" when they get into the chaos of a large city.

They have not seen enough of dishonesty and deceit to recognize the inevitable earmarks of those qualities; and I doubt if they would be any wiser, or any safer on their first trip to a large city, if they had made a profound study of the teachings of phrenology and physiognomy.

The best that we can say about phrenology and physiognomy is that there is doubtless truth in the main contentions of these so-called sciences, namely, that the face and the shape of the head do somehow correspond to the inner man, but the exact nature of that correspondence science has not yet discovered.

Palmistry would seem to have less claims for respectful attention than either physiognomy or phrenology. It is difficult to understand why the lines of the hand should have any connection with a man's health or character, or why large middle joints of the fingers should indicate reasoning power, or why fullness at the base of the index finger should mean that the owner of the hand is proud and ambitious. Since the thumb cooperates with each of the four fingers, there is some basis for the claim that a large, prominent thumb indicates strength of character. Since our ancestors, until within a few hundred years, had to do many things with fingers which are now done with tools, the palmist is not altogether unreasonable when he claims that the splay or square finger tip indicates energy and love of work, while the tapering or cone-shaped finger means love of ease and luxury.

The business man cannot concern himself with such details. It is enough for him to know that the hand is really an expressive part of a man. If the grip is soft, clammy and weak, we are instinctively repelled; we cannot help suspecting that the man is selfish, cruel and indolent. Or if the strange hand grips us so vigorously that it makes us wince, we get away from it as quickly as possible; we feel that the man is too eager to impress us. The right kind of hand to clasp is undoubtedly an asset worth possessing. If the flesh is firm and the skin fine of texture, we get an impression of cleanliness, health and good breeding; and if the nails are well kept but not excessively manicured, we feel, other things being all right, that we are in the presence of a gentleman or, at least, of a man who respects himself.

4. *Evolution of physical characteristics.*—Scientists have made some effort to explain the physical differences of different races. Some of their general conclusions possess practical value. The dark-skinned races had their origin in or near the tropics, nature having brought pigment to the surface to give protection against the intense or actinic rays of the sun. The thick lips of the native of the tropics are the product of many thousands of years of life amid an abundance of food which could be had practically without effort. In the tropics the lungs need no protection against cold air; hence the short nose and splay nostrils which make breathing easy.

In the rigorous climate of the temperate zones

winter is the enemy against which man must protect himself, and the summer is his friend. The heat of the summer is moderate and brief in duration; so pigment in the skin was unnecessary, and the white man emerged. He had to do much thinking and planning in order to have food and proper shelter in the long winters; hence the greater development of the brain, the larger cerebrum of the white than of the black races.

Only the strongest were able to live and perpetuate their kind. Those who loved ease and pleasure, those who did not plan wisely and work hard, those who shrank from exposure to the elements, who lacked endurance and could not bear hardships—all these perished in the course of the ages, leaving relatively fewer descendants. The men who survived and dominated in the North were those who gritted their teeth in the presence of obstacles, who kept their mouths firmly shut and breathed thru their noses, who had developed the largest and most active brains.

Thus after thousands of generations in the northern climates the majority of the people possessed thinner lips than those living in the tropics; abstemiousness, resolution, decision, pluck and firmness were virtues that had been forced upon their ancestors. Families, tribes or races that lacked these virtues died off. The individual who lacks them now is doomed. He may marry and beget children, but if his mate is like himself, his descendants, if they escape death in

childhood from insufficient food, will be in hospitals and almshouses.

It is supposed that the long nose indicates strength of character because it is essential to the development of large lungs, which can be obtained only by such strenuous exercise as renders breathing deep. It is not so easy to find a hypothesis that will account for the popular notion that a square jaw is a mark of determination. We simply know by our own experience that when we face a difficult or dangerous task with determination, our jaws are set hard; whereas if we shrink from it our muscles are relaxed.

But we need not devote more time to speculative matters of this sort. The subject is introduced here merely to give the reader a hint as to the evolutionary method of arriving at knowledge. It is a method that can be applied usefully in everyday life. Bad habits, for example, are products of evolution, and unfortunately the evolutionary period need not be a long one. A man's method of conducting his business is usually an evolution from methods which were at the start much less complicated. The fundamental principles of a man's character are an inheritance, but many of his traits are born of his environment and manner of living. They are products of an evolutionary process which has taken place under his own eye.

5. *Mental power.*—Business calls for the exercise of various qualities. Some positions require careful

attention to minute details, others a combination of tact and energy, others a love of system and order, others the ability to think quickly and straight. A business man engaging an employe should know what sort of ability the job demands, and then should try to pick the man who possesses this in high degree.

First of all, he must get an idea of the applicant's mental ability in general, for nobody wants in his employ a dull or stupid man. As I have said already, the full forehead rising fairly straight from the bridge of the nose is usually an indication of mental power, but we must not rely too much upon this bit of phrenology, for many very intelligent men have fairly low foreheads. But if the forehead is low and at the same time retreating so that a line drawn from the top of the forehead to the bridge of the nose slants a good deal from the perpendicular, the presumption is that the man lacks brain power. Idiots usually have such foreheads.

It is important to distinguish between the intense mind and the passive, indolent mind. One man may have a very fine intellect and be able under great pressure to do very clear thinking and yet be a less efficient worker than a man of smaller brain or weaker intellect who is everlastingly thinking. The one makes blunders because of his indolence, his distaste for activity; the other's mind is constantly on the alert in order that he may do things in the right way.

The alert, intense mind operates usually behind a forehead of medium height and not of great width,

and the head usually rests upon a strong neck and a body with firm flesh, full chest and strong stomach. The constitutionally indolent mind, by which I mean the mind lazy not merely because of some temporary cause like indigestion or auto-intoxication, is quite commonly found under the very high forehead, especially if it is attached to a body with a contracted chest and weak diaphragm. When a narrow-chested student with a high, full forehead who has shown his intellectual ability by passing difficult examinations comes to me for advice as to his career, I prescribe chest and abdominal exercises. "Do not waste your leisure by reading," I say to him, "but put in your time profitably by building up hard abdominal and chest muscles. You are like an engine which has a boiler several times too large for the fire-box." Just an ordinary mind with plenty of driving power back of it can accomplish wonders.

6. *Practical tests.*—The best way to get a positive line on a man's mental ability is by talking with him. If you find out what kind of books he has been reading during recent years, you will know what sort of food his mind likes. If he has read periodicals and books of a thoughtful nature, you will give him one credit mark. Finding out what subjects he is interested in you will get him to talk about them, and without his suspecting the purpose of the conversation, he will soon be giving you his opinions or conclusions with respect to matters concerning which you yourself have some information.

To get the best results each applicant for a position should receive individual analysis, yet it is possible to learn a good deal about a man's mental ability by the intelligence he displays in answering a set of form questions prepared for general use with all applicants. Many large business firms, before they will even consider an applicant or grant him an interview, make him first answer in writing numerous and varied questions about himself, his parents, his education, his tastes, his reading, his habits, his former places of employment and why he left them, his ambition, the salary he expects, etc. A man writing answers to such questions cannot fail now and then to show how his mind works. Are the answers brief and to the point? Then the chances are that he thinks clearly and is not consumed with vanity. Are the answers vague and diffuse? Then his mental power is below the average.

Of course in judging the mental ability of any young man, one must always make allowance for his training, whether at home or in school. A youth coming from a poor family, whose playmates have been rough and ill-bred and whose "book-learning" has been got in night schools, will not do himself justice on a written test, and will suffer by comparison with young men who have had the advantage of a refined home and excellent teachers.

7. *Will-power.*—We discussed the will in the chapter on "Personality" and found it to be a complex faculty which keeps us driving toward the object of

our desire. A man is constantly getting returns from his emotions or feelings, his imagination, his memory and his intellect, and is making decisions which the will must execute. When a man insists upon carrying out a purpose upon which he has decided, or upon which, as we say, he has set his heart, and cannot be turned back by persuasion or unforeseen obstacles, we call him a man of strong will. Such a man gets a reputation of doing whatever he sets out to do.

But if a man is pertinacious and contumacious merely about trifling matters, whether of conduct or of opinion, we call him stubborn or obstinate rather than strong willed. Vanity, pride, self-conceit are the parents of obstinacy; they are not evidences of strong will.

Will is an expression of a man's whole self and is strong only when the personality behind it is strong. The man who knows positively what he wants and whose intellect gives its approval or disapproval in no uncertain terms, so that he does not wabble or reconsider his course, is a man of strong will. If he is a bad man he is dangerous; if he is a good man, he does a lot of fine things that weak people think impossible.

A business man of strong will is invaluable, but your small obstinate man, however intellectual, is a nuisance. So in selecting employes we should give preference, other things being equal, to the men who show signs of will power.

The phrenologists locate will in the rear apex of the

cranium at the spot where most men begin to get bald. The physiognomists discover it in the large nose, firm thin lips and square jaw, but we do not need these signs in order to recognize the man of will. The applicant for a job will unconsciously tell us what kind of will he has. Does he enter our office in a hesitating, uncertain manner? Does he tell us what he wants clearly and positively? Does he look as tho he were determined to get this job? Or is his manner dejected and hopeless? Does he sit upright in his chair and come back at us with definite answers to all questions? Does his face bear marks of dissipation? Does he spend his leisure at parties, dances, theaters and ball-games? If not, why does he employ any part of his leisure otherwise than in having pleasure? When he leaves your office, having been told that his name will be put on file, is his head up on his shoulders or do his shoulders droop and does his head hang in discouragement?

The man of strong will does not give up. Nowhere in the world has he a better chance to prove his will than in that toughest of all jobs, namely, looking for a job. A man who can walk the streets for several days, answering this advertisement and pursuing that clue without landing a position, and yet preserve his nerve and his resolution to keep on until he succeeds, has will and will finally "get there." The man who has never had to walk the streets in search of a job has missed a very important if not essential discipline. It helps build the will to make character.

8. *Stability and reliability.*—There is a certain type of man who is comparatively useless in business because no employer ever feels certain just what to expect from him. Such a man may have the best intentions in the world, being honest and honorable, yet every now and then, for some reason or other, he falls down and gives his employer a painful shock of disappointment. Why should such a good man prove a fizzle in this particular emergency? Sometimes this type of man will work overtime willingly and prove a regular Hercules. At another time, just when you need him most, you may not be able to get a full day's work out of him.

Instability of character originates either in the emotions or in the liver. Some men, as we all know, are much more sensitive than others. They are called thin-skinned and are easily wounded, while others are said to have the hide of a rhinoceros, absolutely impervious to ordinary verbal bullets.

The very sensitive man, if he has a lively imagination and is pleasure-loving, runs the risk of excessive introspection. He will think too much about his own feelings and emotions, and at times these will seem the most important things in the world to him. Those are the times when his employer will be disappointed. In poets, painters and other artists we call a disposition of this sort "temperamental." In art "temperament" may be an asset, in business it is certainly a liability.

Using the word "liver" in the old-fashioned way,

as a generic term to embrace all the digestive machinery, we may justly say that the liver is responsible for much instability of character. Unless a man has a most determined will and is owner of the do-or-die spirit, he will be an unreliable worker if his brain is now and then clouded by poisons from the intestines. Such a man, constitutionally good-natured, every now and then develops a grouch much to the amazement of his acquaintances. Drugged by the secretions of bacilli feeding off his own tissues, he becomes gloomy, despondent, irritable, dissatisfied with his job. His one thought is to get home, have a good supper and then have a long night's sleep; and his last wish before he falls into the land of nightmare is that something may happen that will make it unnecessary for him to rise early and go to his job.

This type of unstable man, of course, can be cured, for his auto-intoxication is the result of improper living. If he is in your employ and you wish to save him, make him go to a wise physician and let him know that he will be fired if he is not a new man within six months. He will think you cruel and unreasonable, but if he believes you mean it he will follow your advice and thru exercise and right living, will become the man God meant him to be. In the chapter on "Health" there are a few paragraphs which a man of this type might read with profit.

A third cause of instability is found in dissipation. A man who easily surrenders himself to the pleasures of the senses cannot be depended upon for steady

work. He may be very intelligent, strong-willed and ambitious and at his best may be a most valuable employe, but if in a bad environment he has formed the habit of excessive indulgence in any pleasures of the senses, he is unreliable in business and his unreliability will be most in evidence and most harmful in those critical moments when you want from him the very best that is in him.

It is not easy to discover this man in one interview or after one examination. Continuous dissipation of any sort leaves marks on the face which an experienced man can read, but the signs of periodical dissipation disappear in a few days. Dissipation may take the form not merely of beer and whiskey drinking but also of joy riding in automobiles, of gorging at dinners, of late hours at places of amusement, or of incontinent indulgence in any kind of sense satisfaction. As a rule, the men who are given to these excessive indulgences of the senses are not men of will and purpose, but they are men hard to read at first sight. The man who goes on periodical sprees is a good deal of a mystery. In his sober moments he may be as temperate and self-controlled as a stoic.

9. *Energy, or love of work.*—Energy is from a Greek word meaning force or power. It is responsible for all that takes place in the universe. Man gets his energy from the food he eats and digests and from the air he breathes. In the same way an automobile gets its energy from a mixture of gasoline and air in the carbureter. A man's body is his engine,

and the power he can get from it depends upon the use he makes of his lungs and stomach. If he does not give his engine the right kind of food and air, he will have little power or energy. He will not be worth much as an employe in any business.

A business man likes employes who love their work. The normal animal loves activity. Activity has made us survive in the struggle for existence. Inactivity has meant sluggishness, disease, death. Hence it is natural that an employer should expect his men to go at their tasks without a sigh. He knows that men who groan over their work, whether thru weariness or distaste, can never do it well. Hence he does not like a weakling; he wants about him men who are full of power, who are so charged with energy that their work, however routine, seems a joy rather than an exhausting task.

The first essential to energy is a sound body. An applicant's physique and the general conditions of his health, therefore, should be noticed. Does he measure more around the waist than around the chest? Then he will get tired easily. He has exercised his palate and stomach a good deal more than he has his muscles and lungs. Is he prompt and resourceful in conversation? As you have changed from subject to subject, does his mind follow you eagerly? Then you may conclude that he is energetic, that he will not be a shirker.

There is a certain kind of energetic worker who seems to belie what I have said about the necessity

of physical health and strength as a basis for energy. It is the man who is said to accomplish great tasks merely "on his nerve." Most of us know men of this kind. Delicate of constitution and frequently under the doctor's care, they go at their work with the energy of a giant dynamo. Men of this sort are not exceptions to the rule. They merely prove by their great energy that in judging of energy we must consider the mind as well as the body. A man of active intellect, dominated by some passion or overpowering ambition or idea, may be so intense in his desire to achieve results that he will put what seems to be superhuman energy into his effort. Such a man, if his body is weak, is not a good subject for life insurance. "He burns the candle at both ends." He dies or goes to a sanitarium long before the days of old age. If we meet such a man, we shall recognize him by the intensity of his interest in the thing he is doing or is about to do. He will want to be at the new task immediately. You will know at once that he is a man who will need to be held with a tight rein if he is not to race himself to death.

10. *The dishonest or tricky man.*—The man who wants to cheat you or to take advantage of you in any way usually makes the mistake of seeming too anxious to please or serve you. So when a stranger flatters us and talks much about our good judgment, it is time for us to be on our guard and be on the lookout for danger signals. The man who lies usually betrays himself. Sometimes he is unable to look you

squarely in the eye for any length of time. If your eyes are fixed upon him, his eyes may meet yours only fitfully. Or he may not be willing to discuss the reasonableness of any proposition he is making; in his opinion its reasonableness is self-evident; he would not think of arguing about it with a man so intelligent as you are.

In examining an applicant for a position, it is comparatively easy to discover whether his mind works honestly or not. If he is determined to please you and get the job even tho he has to lie, you will discover his state of mind by a little shrewd questioning. In the beginning he will deny that he has any vices or bad habits, or that he has ever been discharged from any position. If you engage him in general conversation and do not appear to be cross-examining him, you will get him to talk about his companions, the sports and amusements he enjoys most, how he got his education, what kind of student he was, etc. If he says that he was a good student and got high marks, you will have to verify this thru a letter to the school authorities. Did he enjoy the work he did for Smith & Brown? Was he well treated? Why did he leave? By a little questioning of this sort any man of experience can very quickly decide whether an applicant is frankly and fully telling the truth, or whether he is evasive and tricky in his replies.

11. *Tact.*—In almost every calling tact is a useful trait; in certain business positions it is absolutely essential. Tact secures its end without leaving any

sting. When you have done business with a tactful man, you feel that you have been treated fairly and with quite as much consideration as you deserve; that the world after all is not such a bad place to live in.

Tact never hurts anybody. It is a product of brains and sensibility. A stupid man cannot be tactful, for he will do or say the wrong thing and hurt people's feelings without intending to. The tactful man must also have fine sensibilities. If his senses are dull, if his sympathies are not easily stirred, if he has a bull dog's indifference to pain or a Borgia's ruthlessness in inflicting suffering, he cannot be tactful, for he will never know when he is hurting people.

The dress of the tactful man will be unconsciously modelled after the advice of Lord Kames: "That man is best attired who is so dressed that no one thinks of his clothes." The over-dressed man may excite the other fellow's envy or make him feel ill at ease.

The man of tact will talk little about himself. He likes to hear the other man talk. Without seeming to be pugnacious or controversial, he says just enough on the other side of a question to give the other man the satisfaction of winning a victory. A tactful man lets himself be bested in an argument, if the matter is not a vital one, whenever he notes that his opponent's vanity would be wounded by defeat. Yet he is not always yielding. The "unanimous man," who is forever agreeing with you, gets on your nerves. In the long run the palate likes best the sweets that contain a little sour.

The tactful man does not shake your hand too long or too hard, does not insist on your sitting down if you prefer to stand, does not repeatedly urge you to go to lunch with him after you have once declined, but he makes you feel that he really wants your company. He makes no references to your losses or misfortunes, but if you refer to them you are certain that he is sympathetic and is not, like some other people, holding you responsible for them.

The tactful man is an adept in the use of what the psychologists call "suggestion." When he is dealing with a blunt, callous, thick-skinned man he is usually blunt and direct himself, because the other fellow likes and is used to being dealt with in that manner; but if he wishes to persuade such a man or bring him over to a new point of view, then his tact will make him approach his purpose indirectly thru suggestion. There is in all of us a contrary streak, and when anybody tries to show us why we are in the wrong our intellect gets busy and sets up a defense which seems to us absolutely impregnable. Hence reasoning with a man sometimes only roots him more deeply in error. As the familiar saying goes "The man convinced against his will is of the same opinion still."

If you are a tactful man, you will bring the other fellow around to the desired conclusion so skilfully that he will think the idea is all his own and that he is telling you something quite new. Perhaps you will raise some objections and give him the joy of battering them down. Or if he is very contrary, or a

bit hostile to you and your friends, you may take a hint from Benjamin Franklin's autobiography. Franklin wanted Philadelphia's first fire engine painted red, but he had many enemies and they were very jealous of his growing influence in the town; so when his advice was asked as to the color he said, "anything but red; I hate that color." The engine was promptly painted red.

One word more about tact, by way of warning. Pussy-footing is not tact. Tact has plenty of backbone. Tact is grounded in good-will and sympathetic knowledge of human nature. A pussy-footer, one who is all smiles, harmony and agreement, is a mental and a moral coward.

REVIEW

Discuss the statement that our character is stamped on our exterior.

How far should a business man be guided by the claims of phrenology, physiognomy and palmistry in judging persons? Mention a better basis of judgment.

If you were considering a man for your employment, how would you determine his mental qualifications? What is the value in having an applicant for a position fill in the questions on an employment form?

From your own experience what would you consider to be the value in business of: (a) will power; (b) stability and reliability? What are the causes of instability?

Granted that energy is necessary to a business man, what is its first essential?

What conduct on the part of an applicant for a position rouses the suspicion that he is tricky?

What are the determining characteristics of a tactful man?

CHAPTER XV

OPPORTUNITY

1. *Universally desired.*—All of us have wants and are looking for opportunities for their gratification. The intensity of our nature, the quality of our character, the tenacity of our purpose, are all revealed by the vigor or sloth with which we pursue opportunity. It is one of the most important words in language. It means much more than chance. Chance comes to us unasked, unexpected, and often undesired, but opportunity comes only as the result of our desiring, willing and acting. It is a precious, golden thing and must be worked for.

Men who succeed in business somehow seem never to lack opportunity, while those who fail often complain that opportunity has been denied them. On account of the importance of opportunity in business it has seemed to me necessary to devote a chapter to a consideration of the various conditions that develop or create it. Young men trying to get their start in business should have a fairly clear idea of what opportunity means. They are too prone to think that their chances of getting a good start depend upon "pull" or luck.

2. *Growth creates opportunities.*—In a country where business is at a standstill, population not in-

creasing, no fresh capital accumulating, no new wants developing, opportunity cannot flourish. In such a country a definite amount of business is done, and the demand for the services of men is comparatively fixed; young men are able to get into business only as the older ones drop out; they are waiting for dead men's shoes. In such a country, business opportunities, like insurance, are a matter of calculation and prediction.

But in a growing country like the United States, where conditions are constantly changing, where inventions are forever improving processes, where markets are widening, business opportunities are as plentiful as in the fabled "Eldorado." The vacuum cleaner displaces the broom and builds new fortunes. In a decade the automobile develops the latent love of travel and fresh air, gives rise to an insistent demand for good roads, and creates industries of gigantic proportions. The commercial motor truck brings opportunity to the manufacturer, making him independent of the railroad. The automobile has greatly augmented the value of farm property, and has made it possible for large farms to be operated on a business basis. The rising prices of food-stuffs due to the growing population have opened up to farmers opportunities for profit which were unknown to the farmers of fifty years ago.

On account of the rapid changes taking place in the industrial and commercial life of the United States, the great increase in wealth, the consumer's

buying power, the broadening of markets, a business man today is surrounded by opportunities much more numerous and attractive than any known to his father.

3. *Business opportunities increasing in the United States.*—We often hear people remark dejectedly that business opportunities are not what they used to be; that the small man has no longer any chance; that great corporations have absorbed all the opportunities for making money, and that a man now cannot hope to be more than an employe. That kind of talk is radically erroneous. It is true that a great part of the country's business is conducted by men organized in the form of a corporation, but there is no ground for the statement that corporations kill opportunity. On the contrary, they create opportunities. Many of the successful business men of today, who have great executive ability and have accumulated fortunes, were lifted from obscurity by the needs of corporations. If the necessary statistics were collected by the census bureau, I have no doubt we should discover that a majority of our successful business men began life as poor boys and worked up to the top, not in spite of corporations, but because of the opportunities opened up to their abilities by the corporate form of business control. And I feel confident that the same statistics, if they should be gathered twenty years hence, would then warrant a similar conclusion. The notion that business opportunities are relatively decreasing, that the good things of the earth have already been pre-empted by others,

and that newcomers from now on must be satisfied with scraps, is utterly fallacious. It is born of a complete misunderstanding of the nature of opportunity.

4. *Variety and opportunity.*—The great variety of human wants is one of the fundamental causes of opportunity. The capacities or talents of men are almost infinite in their variety. But their wants are equally varied, and so it happens that among a civilized, wide-awake, energetic people no man can fail to find opportunity for the exercise of his particular talent.

Furthermore, opportunity is created by the growing desire for a harmonious combination of want satisfactions. In dietetics this desire for harmony leads to combinations of foods which will most please the palate. A French table d'hôte dinner is not the product of accident or chance, but of a psychological law, the aim being to have the sequence of dishes such that there shall be, not repletion and surfeit, but a crescendo of satisfaction, the last dish pleasing the palate more than the first.

As the wants of society increase and multiply, new opportunities open up in business. The catalogs of mail order houses, presenting a fairly complete list of the ordinary comforts, luxuries and necessities of today, contain hundreds, if not thousands, of articles which would not have been found in similar catalogs made in 1890. Our ideas of comfort and luxury have changed, and every change has brought opportunity in business.

If a sculptor should attempt to represent opportunity in a statue, I suspect that he would be puzzled by the discovery that his goddess needed new features and a new gown every day, for opportunity is the child of change and progress. Thousands of men do not recognize her when they meet her; they may know how she looked yesterday or last month when she guided John Doe to success, but in her new dress today she is a stranger.[1]

Men who are blind to opportunity are always mere imitators. They imagine that if they imitate the policies and tactics of certain successful men they themselves will succeed, not realizing that the men whom they imitate were not themselves imitators, but men whose penetrating vision saw thru all the disguises of opportunity.

5. *Is there a law of opportunity?*—Broadly speaking a business opportunity is a combination of circumstances that creates for us a profitable market for something which we have to sell or may be able to produce. If this definition is correct, we cannot accept the old proverb about opportunity always knocking once at every man's door, for opportunity does not knock at any man's door. Man himself must perceive the conditions which make opportunity and promptly take possession. If a man perceives an

[1] Lysippus, a Greek sculptor, represented opportunity as a beautiful youth with winged feet. His hair was long over the forehead, but the back of his head was bald, signifying that an opportunity once allowed to pass could never be recovered.

opportunity to increase his business or to start a new business and does not act vigorously, the opportunity is lost to him. Somebody else seizes it.

I think we may formulate a law of opportunity as follows: Opportunity offers itself to men in proportion to their ability, their will for action, their power of vision, their experience and their knowledge of business. Inversely, opportunity is concealed from men in proportion to their slothfulness, their reliance upon others and their passion for imitation.

Evidently opportunity in business is not merely a chance to make money which any man may act upon if he is lucky enough to discover it. An excellent opportunity may exist in the presence of hundreds of men, and yet not be seen by any one of them, or they may all lack the necessary ability or experience and be unable to take advantage of it. To such men, owing to their unfitness, it is not opportunity at all, but merely a set of business conditions awaiting the eye of the master man.

If our law of opportunity is correct—and I believe it is—no man has any right to complain about his lack of opportunity, or to set up in defense of his failure the claim that he never really had a chance. Opportunity is clearly a relative term. On the one side are the business conditions pregnant with profit, on the other side is the fit man able to call the profit into existence. When these two meet we have opportunity. For the ignorant man of weak will and no ex-

perience there can be no opportunity. Nobody seeks his services however cheaply he offers them. In the current of affairs he is merely driftwood.

6. *Opportunity and ability.*—It is important that a man in business should have a fairly correct idea of his mental power. He should not underestimate his ability, for then he will never do himself justice, being fearful lest he tackle a job too difficult for him. On the other hand, he must not overestimate his ability, for then he may undertake tasks for which he is not really fitted. As a rule, it is wise to err, if at all, in the direction of self-confidence. A man who is working in company with men abler than himself, or who does not hesitate to attack a problem which seems a little beyond his powers, will often make mistakes, but in the long run he will be more successful than if he practises excessive caution, for he will all the time be growing stronger and wiser.

Some men make excellent bookkeepers, but can never become expert accountants because they lack the necessary mental quality. No man likes to admit that his mental powers are limited or below the average. As an English philosopher once remarked: "We are all willing to admit that our memories are defective, but no man will admit that his judgment is not sound." So, doubtless, many bookkeepers who have not been promoted to positions of responsibility feel that they have not been appreciated. The business world, in fact, is full of men in subordinate positions who sincerely believe that their superiors do not

realize what fine minds they have. If any reader of this chapter feels that way about himself, I wish to assure him that the chances are ten to one that he is mistaken. His associates have probably formed a more correct estimate of his mental power than he has himself. He should not cease to be ambitious to make the most of himself, nor should he stop trying to climb up, but he must not be discontented or discouraged because he cannot keep pace with men of keener intellect. His opportunities lie not far above him, but just barely beyond his reach.

7. *Opportunity always near at hand.*—I have just received a letter from a young engineer in a western state who wants to come to New York. He thinks there must be an opportunity in that great city for a man of his education and experience. I have written him that he had better stay in the West and seek a connection where he has friends and is known. For him there is greater opportunity in a single western town or city than in all the East.

It is a familiar human weakness to think of ourselves as not being in just the right place. Many a country boy feels certain that he could do great things if he could only get into a city. Doubtless many obscure country physicians feel that their genius for medicine has never had a chance for development because of the narrow scope of their practice. We are prone to think that opportunity, like happiness, lies in some distant place, and that if we only could get there we should be successful and content.

As a matter of fact, the secret of opportunity, like that of happiness, lies in ourselves. No youth who wishes to become a business man need travel far to make a start. For him the very best opportunities are at his elbow. Many of our biggest business men got their first training in their home towns or villages—by clerking in a country store, by selling newspapers, by taking subscriptions to magazines, by acting as agents for manufacturers of farm implements, etc. After a youth has discovered opportunity near at home and has profited by it, then he will be fit for larger opportunities in other places, but as a rule a man's next opportunity lies not far from him. This is naturally and logically the case, for we are familiar with near-at-hand conditions and know their possibilities. The glittering opportunities beckoning to us in the distance are unreal. They are sisters of the sirens who sought to charm Ulysses from his true course. As Thomas Carlyle has said: "Our grand business is not to see what lies dimly at a distance, but to do what lies clearly at hand."

It does not follow that a youth should never come from the country to the city, or that a business man should never change his location. The fact that opportunity always lies near at hand does not mean that a man will not change from place to place, or from business to business. A change of location is often exceedingly desirable and advisable, but a man should make the change, not because he is looking for op-

portunity, but because opportunity has made the change practicable and profitable.

8. *The will for doing.*—The old proverb, "Where there's a will there's a way," receives abundant verification in the business world. Any man can get what he really wants in business, whether riches, position or honor. That statement, doubtless, looks very extravagant to many readers. It may be read by a man of fifty who has been in business thirty-five years, and is now barely able to support himself and family. "Surely," he may say, "I wanted a fortune and I set out to make it. I have worked hard for thirty-five years, but here I am just able to hold down an ordinary position. The writer of this book does not know what he is talking about."

The man who talks that way does not know what I mean by "really wants." In the thirty-five years of his business life has he ever voluntarily gone without food or sleep in order to further the interests of his employer or of himself? Has he turned his back on all pleasures which killed time that might have been profitably devoted to the study of his business, or to the seeking of opportunities to increase his business or his own usefulness in business? Has he spent his money foolishly, or has he saved every penny possible in order that he might increase his capital, being content with the simplest and plainest manner of living? Has he deliberately sought the friendship of men who could be helpful to him in

his business? In short, has he given his whole energy, body and soul, night and day, to business?

He may think he really wanted a fortune, but if he did not do all these things and many more, he is mistaken. Like many thousands of people he merely wanted to be rich, but was not willing to pay the price.

To most men, by the way, great riches are not worth the price. Too many fine things have to be sacrificed. If a man has not the ability to make a great success in business unless he neglects his duties as a father, husband, citizen and neighbor, foregoing what President Eliot calls "the enduring satisfactions of life," he will, as a man, be happier and more "successful" if he is content with moderate success in business.

But a man must not expect to find opportunity of any kind if he has not the will for doing and for sacrifice. Back of his will must be an intense desire, not just a milk-and-water wish or longing. The desire must be so consuming that it impels him to act and to do anything and everything that can possibly help him to conquer.

The man who waits for an opportunity or a job to turn up, who leans heavily on his friends, expecting them to find an opportunity, who does not use every moment of his time and every ounce of his energy and ability seeking what he wants, lacks the will for doing. Even if his friends get him a position or point out to him an opportunity for which he is

fitted, he does not throw himself heartily into his work. The waiting or Micawber quality gives great comfort to a lazy soul, but opportunity never shows it her face.

A young man in quest of his first job, or of a better one than he now holds, must realize that he himself must go after it and go after it hard. Perhaps he was once a substitute on his high-school baseball nine. He was ambitious to be pitcher. Did he get that responsible position by wishing or wire-pulling among his friends, or did he get it by making himself fit thru long and hard practice? As was said in the first chapter of this volume, business is a game and men must not expect to fill positions for which they have not proved their fitness.

9. *Business experience.*—A man who knows nothing of the lumber business cannot be expected to discover opportunities for making money in lumber. In the United States there have been many such opportunities during recent years, but they were concealed from men who had not had experience in buying and selling lumber. This statement would be true in regard to any kind of business.

Strongly as I believe in the value of the lessons which you can learn from the experience of others, or from books and schools, nevertheless it must never be forgotten that there are certain most important lessons which a man can learn only by doing. A young lawyer can learn how he may best influence a jury only by experience with a jury. He may have been taught the methods of appeal generally held

to be the best, but which ones are best fitted to his own powers he must discover for himself thru practice. So a young man preparing for business can learn much from books about the laws governing business phenomena and about the methods and policies which have proved most successful in the past, but he cannot be a master in any field until he has had actual experience with business problems and difficulties.

The more a man has learned about business thru study and thru experience, the keener his insight is into opportunity, and the more likely he is to avail himself of an opportunity successfully.

10. *Luck.*—Opportunity and luck are not relatives, or even good friends. The reader doubtless already knows that, but I must emphasize the fact because of the popular gospel which converts luck into the goddess of Fortune. In our current magazines, there is a vast amount of loose talk about the part that luck plays in business success.

The essential element of luck is chance, and it is a mathematical certainty that chance is no respector of persons. Chance is absolutely impartial. To say that a man has succeeded in business because of his luck, or because he was born under a lucky star, is as absurd as to say that some right angles are bigger than others. Chance helps the wicked and the good, the efficient and the inefficient, the lazy and the energetic, and it distributes its favors with the coldest kind of impartiality. Chance might be called a math-

ematical goddess who smiles and frowns alternately. If you catch her smile you are lucky, but if her frown, unlucky. If you become her worshipper, you will get an equal share of each, your bad luck offsetting your good.

Undoubtedly men often make money in business as a result of luck. The outbreak of the European War in 1914 was "lucky" for the makers of ammunition and other war supplies. A failure of the wheat crop is lucky for the miller who happens to have on hand a large stock. A rise in the price of copper is lucky for the owners of copper mines. As was pointed out in Chapter II, a man who seeks to make money in business must battle with the elements of chance, with the uncertainties of the seasons, with the changes of fads and fashions, and with the unaccountable and unforeseeable shifting of demand, but in the long run chance helps one business man quite as much as it does another.

When you analyze carefully the career of a man who seems to have been born lucky, you will find that he earned his luck, that in all his undertakings he took every precaution to guard against evil chances. On the other hand, the man of notoriously bad luck will be found to have been weak in some of the qualities essential to success.

All Americans know something about the part that luck plays in baseball, and they ought to know that the most "breaks" usually fall into the lap of the team that is most fit.

11. *Opportunity and age.*—It is evident that the opportunities for which a man of forty is or should be fitted are entirely different from those open to the young man. But has the man of middle age already exhausted opportunity? Must he not be content with his present rank in business? If he has been in business for himself, has he a right to hope that he can accomplish more during the next ten or fifteen years than he has accomplished in the past? Should a man between forty and fifty years of age enter into new business or new connections?

Questions like these have come home personally to many men and have proved very difficult to answer.

Everything depends upon the man. Some men are old at forty-five; they have ceased to learn or to take interest in new things and are ambitious merely to maintain their present status, or to retain a position or a business which gives them a comfortable living. Such men should beware of severing old connections or of undertaking new enterprises. Other men are still young at forty-five and fifty; their minds are on the future, not the past; they take no pride in what they have accomplished, but are impatient for more work and bigger tasks; they still have vision and ambition. To men of this sort, if they have guarded their health, opportunity offers its biggest prizes.

A man of sixty-five, who had begun life as a farmer's boy and had built up a business of international dimensions, once said to me. "I wish I were

twenty again. I see so many opportunities in business that I cannot take advantage of, things that ought to be done, that would make the nation richer. It is not the money I think of—I already have more of that than I need—but I do not like to see opportunities for good business going to waste. Now what I cannot understand is, why I cannot make my boys see these opportunities. I have given them both a good education, but they simply do not understand me when I try to show them how they can do as much as I have done over and over again."

He was a man who could not really get old. If he had early learned to take proper care of his body, he would be doing new things in business at eighty with the same vigor, vision and judgment that made him succeed at forty.

The man of fifty who has lost his job and does not know how to do anything particularly well, or who has failed in business, certainly has a sorry outlook. He cannot complain if his applications for work are turned down because of his age, nor because his friends listen rather indifferently when he brings to them an opportunity for investment or for business. A man in this unhappy condition can save himself from complete wreck only if he keeps going. If he despairs and relies solely on his friends to help him, as many do, there is no hope for him. But if he can only be made to seek opportunity with the courage and ardor of youth, the chances are that he will succeed despite the prejudice against his age. As a

rule, men who are stranded at fifty have not mastered the art of rendering really valuable service and are suffering the penalty of ignorance and inaptitude. Needless to say, the young man can protect himself against any such fate.

12. *Preparedness.*—In conclusion, let us sum up the things essential to opportunity, and decide how a man may best fit himself for it. Externally, as we have seen, an opportunity in business consists of certain conditions which if handled by the right man may be made to yield a profit. Those conditions constitute an opportunity only to the right man. An opportunity exists only for those who have the mental qualities, the will and the knowledge necessary for its perception and use or exploitation. For men of small powers only small opportunities exist.

Can a man prepare himself for opportunity? Can a man of average intellectual ability hope ever to fit himself for large opportunities? Both these questions can be answered positively in the affirmative. There is practically no limit to what a man can accomplish in business if he only will.

Here are the things he must do: work, study, read, think, observe—and then do more work.

In this chapter I have laid so much stress on the importance of mental power or ability that some of my more diffident readers may have been a little discouraged. Let me say right now that no man, young or old, who can read the Texts of the Modern Busi-

ness Course and Service understandingly, need worry about his mental quality. He has brains enough and can accomplish anything he wishes in business, if he will work and equip himself for opportunity.

For such a man the Modern Business Course and Service is itself an opportunity. So is a university school of commerce, if he can get to one. In these days every man has an abundance of opportunity to develop and strengthen his mental power, store his memory with information about business, and to train his judgment to an understanding of business opportunities. Any man who sets himself at the performance of these tasks diligently, faithfully and perseveringly, will find himself courageously facing larger and larger opportunities as the years add to his experience in business.

Brains are tremendously important in business. Yet an ordinary brain, dominated by the highest type of character—the essential principle of which is a will resolute to know the truth, to do the right thing, and to work with all one's might for a worthy purpose—may win first prizes in business. But the brain must be properly trained and the character must be such as inspires complete and absolute confidence among men.

Therefore, let the man who wishes to prepare for opportunity put his brains into harness and, if necessary, rebuild his character. This any man can do. Hence opportunity is potentially within the reach of all.

REVIEW

How does opportunity differ from luck?

Give reasons which controvert the popular belief that opportunity is growing less.

Does opportunity come to men, or do men gain access to opportunity?

Where should men seek it, and what men are likely to find it?

What does it mean to seek opportunity rather than wait for it to turn up?

Is opportunity closed to men of middle age?

INDEX

A Priori Reasoning, 26, 89
See Deduction
Ability and Opportunity, 308
Accountancy,
Professional rank of, 51; University schools of commerce, 51
Adaptability, 228
Advancement, depends on self, 205
Advertising,
Importance, 45–6; Professional rank, 48–51: Perils, 73–4; Ethical code, 124
Age, and Opportunity, 316
Aladdin's Lamp, 139
Alcohol,
Effects of, 185–7; A poison, 186; Weakens will, 186
Alexander Hamilton Institute, purpose, 2–4;
See Subscribers
Ambition,
Definition, 140 Importance, 140–1
American Bar Association, uniform legislation, 77
Appeal, 102;
To instinct, 103–4; Human interest, 104; To reason, 104–5; Choice of, 105–6; Suitable, 106–7; Action and, 108–9
Appearance, personal, 246
Archimedes, 109–110
Armour, P. D., 42, 155, 220
Attention,
Holding the, 109; Interest must be aroused, 109–10;
See Psychology
Automobile Dealers, Second-hand, Ethical codes of, 121

Bacon, Lord, 169–70
"Balance of Trade," 87
Banking, as a profession, 51–2
Baseball, 70, 315
Beethoven, 132–3
Belief, 154–5, 194
Bell, Alexander Graham, 197
Bennett, Arnold, "The Human Machine," 271–2
Bennett, Sanford, 179 note
Big Business, Ethics and, 117–8, 128–9
Body, a Strong,
Definition, 173; Eating habits and, 174; Energy, 296–7
Brains,
Profit problem, 79; Personality, 267; Opportunity and, 319–20
Bunyan, John, "Pilgrim's Progress," 26–7
Business,
Science of, 1, 32–3; Scientific training for, 1–36; Phenomena, 2, 13, 26; Compared to human body, 3–4; European war and, 3–4; Problems and the subscriber, 5; Culture, 32–3; Life and, 35–6; Definition, 37–9; Profits and, 37–9; Essential elements, 39–41; Profit and risk, 39–41; Money and price, 40–1; Fascinating game, 58–9; Capital necessary, 62–5; Organization building in, 69–70; Like baseball, 70; Labor and, 70–2; Moral imperative in, 112–14; A cooperative matter, 113; Code of ethics, 116; Value of imagination, 146–8; Strain on health, 171–2; Energy, 172; Fitting oneself for, 172–3; A complicated machine, 198–9; Getting a start in, 252–4; Value of personality, 266–7; Will power, 290–1; In the United States, 304
Business, Ethics and,
See Ethics and Business
"Business is Business," 194
Business Man, the,
Untrained, 3–4; Culture, 31–2; Value of study, 31; Who is a, 37–8; Money and, 41; Study of human wants by, 41–2; Imagination, 136, 145–8; Successful, 189; Great, 199
See Efficient Business Man, Sociology, Wants (Human)
Business, Nature and Aim of, 37–61; Advertising, 44–5; Market changes, 44–5; Overproduction bogey, 44–5; Salesmanship, 45–6; Com-

Business Nature and Aim—continued
modities, 46; Production and sale, 46; Services bought and sold, 46–7; Three great classes, 46–7; Professions and, 47–50; Distinguished from professions, 48–9; Ethical codes, 48–9; As a profession, 50–1; Elements of success, 53–4; Profit not only aim, 53–4; Dignity, 54–5; Importance, 54–5; "Commercial" not term of reproach, 55–6; Greeks and Romans, 55; Old views of, 55–6; Service, 55–6; Civilization, 56–7; Competitive forces, 56; Criticism, 56; Society's debt to, 56; As a job, 57–8; As a gold mine, 58; Pleasures of "Work," 58–9; Fascinating game, 59–60; Psychology, 59
Business Organization, a unit, 225–6
Business, Science of,
See Economics
Business Statesmen, 206

Capital,
Necessity, 62–3; Definition, 63; Got by saving, 63–4; Not merely money, 63; Hill, J. J., 65; Experience versus, 70
Career,
Dominant trait for, 161–3; Choosing a, 239
Carlyle, Thomas, 310
Carnegie, Andrew, 155
Cause, Definition, 13–4
Caveat Emptor, 116–7
Cerebellum, 101
Cerebrum, 101
Chance, 314
Character,
Education and, 33–4; Correcting weak spots, 168–9; Lord Bacon, 169–70
Character, Analysis, 278–301
Judging, 278–9; Undefinable, 278; Marks of, 279–83; Emotions, 280; Thought and, 280; Phrenology, 281–3; By experience, 283–4; Evolution, 285–7; Dark-skinned races, 285–7; Hand as an indicator, 285; White races, 286; Physical characteristics, 285–6; Mental power, 287–9; Intense versus indolent mind, 288–9; Low forehead, 288; Mental tests, 289–90; Allowance for training, 290;
Character, Analysis—continued
Will power, 290–2; Over-sensitiveness, 293; Stability, 293–4; Energy, 295–6; Dishonesty or trickery, 297–8; Lying, 297–8; Tact, 298–301
Character, Instability of,
Causes, 293–5; Auto-toxication, 294; Dissipation, 294–5
Character, Stability of, 293–4
Cheerfulness, Importance of, 242–3
Chin, Weak, 270
Choate, Joseph, 188
Church, 94–6
Civilization,
Aided by business, 56–7; Dynamic, 61
Climate, Effect of Changes in, 77–8
Codes, of Ethics,
See Ethics
Colonel Sellers, 133
Commerce, New York University School of, 268
Commerce, University Schools of,
Purpose, 1–2; Accountancy and, 51
"Commercial," not Term of Reproach, 55–6
Commodities,
Production and sale of, 46; Distribution, 56
Common Sense,
Controls imagination, 138; Efficiency and, 193; Judgment of, 278 et seq.
Compensation, 219, 256–9
Competition,
Nature, 65–6; Meaning, 66; Survival of fittest, 66; Brings out strongest men, 67; "Life of trade," 67–9; Unfair, 67–9; Socialists on, 68–9, 80
Competitive Forces, in business, 56
Conceit, not self-confidence, 275
Concentration, 110, 197–9:
See Reading with the Mind
Consumption of Wealth, 91–3
Control of Men, Methods of, 216–7
Cooperation in Business, 113
Courage, 211–3
Copernicus, 135
Corporations,
Responsibility for, 210; Create opportunity, 304
Courtesy, 244–5;
Definition, 275–6; Importance, 276
Credit, and the Profit Problem, 75
"Credit and the Credit Man," 75
Credit Men, National Association of, 123

Culture, definition, 31–3
Curiosity, and the human mind, 25
Custom,
Definition, 82–3; Inflexibility, 96–8; Credit, 97; Imitation, 97–8; Law in business, 87; Instinctive, 103–4; Derivation, 111

Dark-Skinned Races, origin of, 285–6
Darwin,
Theory of evolution, 24; Imagination, 134
Debts, bad, 74–5
Decision, essential in business, 190–1
Deduction,
Definition, 19; Newton, 26; English Classical School, 89
Demand and Supply, and prices, 72–3
Details, 231–2
Dignity of Business, 54–5
Diogenes, 92
Directors, Board of,
Labor question, 72; Ethical codes of, 127–8: Responsibility, 210
Discipline of Mind, 267
Dissipation, 294–5
Dominant Trait, and the career, 161–3
Dreams, meaning of, 138;
See Imagination
Dress and Tact, 299
Drugs, habit-forming, 185–7
Dromios, The Two, 262

Eating, three rules for, 187–8
Economics,
Aim, 84–5; Business man's science, 85; Free trade and protection, 85–6; Mercantilists, 86; Unknown to Greeks and Romans, 86–7; "Balance of trade," 87; Physiocrats, 87–8; English Classical School, 88–9; Smith, Adam, 88–9; A priori reasoning, 89; "Laissez faire," 89; Mill, John Stuart, 89; Human wants, 90–1; Production, 91; Diogenes, 92; Social institutions, 94–6
See Sociology
"Economics of Business," 56
Education,
Culture, 32–3; Character, 33–4; Milton, John, 33; Purpose, 33–4; Knowledge and understanding, 34; Need for business, 51–2; Church, 94–6; Aim, 158; Advancement, 255; Self-confidence thru, 274–5
Efficiency Experts, 160–1
Efficiency, national, 94
Efficiency, personal,
Definition, 150; Economy of energy, time and space, 150–1; Essence, 150–1; Engineers, 151; Nature, a prodigal, 151; "Know thyself," 152–3; Man as a machine, 153; Be thyself, 154–5; Belief in self, 154–5; Humility, 154–5; Study, 155; Demands, 156; Not imitation, 156; Temperament, 156–8; Mind, 158–9; No school of, 158; Purpose, 159–60; In oneself, 160–1; Dominant trait, 161–3; Not weak will, 161; What career, 161–3; Head and Heels, 163; Thinking and planning, 163–4; Habit, 164–5; Environment, 166–7; Poise, 167–8; Enemies, 168–9; Weak spots in character, 168–9; Lord Bacon, 169–70; Procrastination, 169; Increased by play, 182
Efficient Business Man, the,
Essential qualities, 189–202; Decision, 190–1; Indecision, 190; Thinking, 190–1; Weak will, 190; General knowledge, 192–3; Common sense, 193–4; Experience, 193; belief, 194; "Business is business," 194; Reasoning process, 194; Hill, J. J., 197; Field, Marshall, 197; Standard Oil, 197; Stephenson, George, 197; United States Steel Corporation, 197; Wanamaker Stores, 197; Wright Brothers, 197
Egotist, the, 265
Eliot, Charles W., 312
Emerson, Ralph Waldo, 17, 43, 118, 160
Emotions, effect on character, 280, 293
Employer and Employe, 113–14
Energy, 213–15;
Ambition and, 140–1; Economy of, 150–1; Nature a prodigal, 151–2; Driving power, 152; Derivation, 295–6; Sound body essential, 296–7; "On his nerve," 297
Engineers, Efficiency, 151
English Classical School, 88–9
Enthusiasm, value, 141–2, 199–200
Entrepreneur, 207
See Executive
Environment, adjustment to, 229

Ethics of Business, 111–29;
Custom, 111; Meaning, 111; Philosophy and, 111–12; Science of, 111–12; Smith, Adam, 111; Utilitarian School, 111–12; "Golden rule," 112; Moral imperative, 112–14; Practical, 112; Laws of political economy, 113–14; Responsibility, 113; Codes vary, 115–17; Law and, 115 et seq.; Sherman Anti-Trust Act, 115; Caveat emptor, 116–17; Big business, 117–18; Hart-Schaffner and Marx, 117; Westinghouse, 117; Emerson, R. W., 118; "Pure food" law, 118; Standards of good, 118–19; Railroad rebates, 119; Usury laws, 119–20, 126–7; Produce commission men, 120–1; New York Stock Exchange, 120; Trades without standards, 120; Merchandising, 121–2; Second-hand automobile dealers, 121; Field, Marshall, 122; Misrepresentation, 122; Stewart, A. T., 122; Wanamaker, John, 122; Woolworth, 122; Trade associations, 122–3; National Association of Credit Men, 123; Purchasing agents, 123; Advertising, 124; Wall Street, 124–6; Board of directors, 127–8; Van Antwerp, W. C., 127; Big business, 128–9; United States Steel corporation, 197

Evolution,
Physical characteristics, 285–6; Bad habits, 287

Executive, The, 203–222;
Definition, 201; Montesquieu, 203; Plato, 203; Three classes, 203–5; Business statesman, 205–6; Not mere "politician," 205–6; An originator, 206; Entrepreneur, 207; Delegated responsibility, 207–8; Pennsylvania Railroad Company, 208; Qualities, 209; Responsibility, 209–11, 219; Initiative, 211–12; Courage, 212–13; Finding fault, 213; Control of men, 214, 216–17; Gowin, Professor E. B., 214; Moral cowardice, 214; Not physical weakling, 214; Stature and weight, 214; Selection of subordinates, 215; leaders, 217–19; Compensation, 219; Grant, U. S., 219; Napoleon, 219; Armour, P. D., 220; High salaries, 220

Executive Ability,
Definition, 200–1; Qualities, 201; *See* Executive

Exercise,
Purpose, 178–9; Regularity, 179; "Setting-up," 179

Experience,
Building an organization, 69–70; Baseball, 70; Capital and, 70; Teaches self-knowledge, 162; Efficiency from, 193; Rank and file workers, 238; Judging men thru, 283–4
See Officers, Junior or Subordinate

Expert Knowledge, 191-2

Factory and Business, 198

Fashions and Fads, Changes in, 78–9

Federal Anti-Trust Act, 76

Federal Reserve Banking Law, 97

Feet, care of the, 175–6

Field, Marshall, 54, 197;
Capital, 62; "Square deal," 122

First Impressions,
See Personality

Fixed Idea, harm of the, 144–5

Food, for health, 187–8

Ford, Henry, 146

Franklin, Benjamin, 155, 301

Free Trade, 85–6

Game, business as a fascinating, 58–9

Genius,
Business, 143–4; Superman, 144; Schopenhauer, 144

"Get rich quick," 197

Gold, value of, and prices, 73

Gold Mine in Every Business, A, 58

"Golden Rule," 112

Golf, 182

Good Manners,
See Manners, Good

Gould, Jay, 264

Gowin, Professor E. B., 214

Grant, Ulysses S., 219

Gravitation, theory of, 256

Greeks and Romans,
Business among the, 55; No science of Economics, 86–7

Greeley, Horace, 110

"Gulliver's Travels," 139

Habits,
Good and bad, 101–2; Personal efficiency, 164–5; Bad, 165–6, 287; Will power, 165–6
Harriman, E. H., 264
Hart, Schaffner and Marx, 117
Head and Heels, 163
Health,
Business strain, 171–2; Necessity for good, 172; Strong body, 172–3; Successful men, 172; Eating too much, 174; Care of the feet, 175–6; Sound nerves, 175; Body and mind, 176–7; Must be earned, 177–8; Exercise, 178–80; Ruskin, 178; Spalding Athletic Library, 179 note; Working for it, 179–80; Writers on, 179; Play, 181–2; Mental attitude, 182–3; Medicines not needed, 184–5; Pain a danger signal, 184–5; Alcohol and drugs, 185–7; Rules for eating, 187–8; Choate, 188; Water drinking, 188
Heep, Uriah, 154, 265
Hill, J. J., 65, 143, 155–6, 197
Human Equation, psychology and the, 99
Human Interest, appeal to, 104
"The Human Machine," 271–2
Human Wants,
See Wants, Human
Humility,
Right kind, 154–5; Heep, Uriah, 154
Hypothesis,
Definition, 23–4; Theory and, 24; Darwin, 24; Newton, 24–5; Steps in thinking, 26; Imagination constructs, 134

Idea, the,
See Vision or the Idea
Ideal, the,
Definition, 136; Imagination, 136–7; Importance, 137; Habit, 164
Ideas, 230
Idée fixe or fixed idea, 144–5
Imagination, the,
Definition, 130–1; Constructive or productive, 131 et seq.; Visual, 131–2; Aural, 133; Beethoven, 132–3; James, William, 132; Darwin and Wallace, 134–5; Reason, 134–5; Science and, 134–6; Copernicus, 135; Mathematics, 135–6; Ideal, 136–7; Usefulness, 136; Judgment, 137–9; Controlled by common-sense, 138; Dreams, 138; Mind quality, 138–9; Phantasy, 138–9; Ambition, 139–41; Importance, 139; Energy needed by, 140–1; Enthusiasm, 141–2; Poets, philosophers, etc., 141; Will power, 142–3; Business genius, 143–4; Hill, J. J., 143; Morgan, J. P., 143; Rockefeller, J. D., 143; Fixed idea harmful, 144–5; Schopenhauer, 144; Business aid, 145–8; Ford, Henry, 146; Judgment, 146–8; Telephone, 146; Value in business, 146–8; Inventions, 148; Dominant trait, 161–2
See Vision
Imitation, and Custom, 97–8
Imitator, 154–5
Indecision, weakness of will, 190
Indolence, 165, 179
Induction,
Definition, 19–20; Laws of nature, 20–1; Deduction, 21–3; "Subconscious" judgment, 23
Industrial Progress, *See* Progress, industrial and social; Wants, Human
Initiative, 211–12, 230
"Innate ideas," *See* Intuition
Instinct, appeal to, 103–4
Institute, Alexander Hamilton,
Aim, 35–6; Advantages, 255
Intuition,
Explanation, 18–9; "Innate ideas," 19; Judgment of personality, 260–3
Invention, 147–8

James, William, 132 note
Job,
Business as a, 57; Man with a, 57–8; Gold mine in every, 58–9
Judgment,
Imagination, 137–9, 146–7; Business efficiency, 193–4; Value, 193–6
Junior Officers, *See* Officers, junior or subordinate

Kant, Immanuel, 8, 11
"Know Thyself," 152–3
Knowledge,
Three ways of acquiring, 17 et seq.; Intuition, 18, 20; Deduction, 19; Laws of nature, 20–1; Education,

Knowledge—continued
34; "Know thyself," 152–3; Efficiency and, 193; Self confidence, 273–4
See Intuition, Memory, etc., etc.

Labor Question,
Troubles, 70–1; Cost, 71; Board of directors, 72
"Laissez faire," 89
Law, The,
Unwise, 75–6
Business customs, 97; Ethics, 115 et seq.; Enforcement of standards, 118–19; Usury, 119–20;
Leadership, Develops responsibility, 217, 219
Leverrier, 25–6
Life, The real, 35–6
"Life of Trade," 67–9
"Liver" Disturbances and Instability of Character, 293–4
Lord Kames, on Tact and dress, 299
Low Forehead, 288
Loyalty, 226
Luck, and Opportunity, 314
Lying, Detection of, 297–8
Lysippus, 306

Malthus, Thomas, "Theory of Population," 24
Man,
A machine, 153; Three classes, 203–5
See Executive; Wants, Human
Manners, Good, 245
Market, Changes in the, 44–5
Marketing, Advertising and salesmanship and, 45–6
Mathematics, Study of,
Imagination, 135–6; Memory, 135–6
Medical Student, The, 2
Medicines, 184–5
Medulla Oblongata, 100–1
Memory,
Reading, 6–7, 10–11; Aids to, 8; Science and, 16–7, 135; Knowledge, 17–8; Imagination, 133–4
Mental Attitude, Importance of right, 182–4
Mental Power,
In business, 287–9; Practical tests, 289–90
Merchandizing, 46, 121–2
Mercantilists, 86–7
Mill, John Stuart, 89
Milton, John, 33
Mind, The,
Unit, 138; Power, 139; Efficiency, 158–9; Relation to body, 176–7, 182–3; Play, 182; Importance of right attitude, 182–4; Indolent, 288; Intense, 288–9
Misrepresentation, Brings failure, 122
Money,
Importance in business, 40–1; Capital, 63; Mercantilists, 86–7; Wise expenditure, 93; Health, 171–3
Montesquieu, Classes of man, 203
Moral Cowardice, 212–3
Moral Imperative, 112–13; *See* Ethics and business
Morgan, J. P., 143
Motive, 102

Napoleon, 108, 155, 219, 264
Nature,
Laws of, 20; Prodigality, 151–2
Neptune, 25–6
Nerves, Sound, 175–6
Nervous System, 99–100
New York Stock Exchange,
Usury laws, 120; Ethical code of, 126–7
Newton, Sir Isaac, 24–6, 29, 134

"Office and Factory Administration," 71
Officers,
Subordinate or junior, 222–34; Duties and responsibilities, 223–4; Training and experience, 224; Business organization, 225–6; Teamwork, 225–6; Loyalty, 226; Obedience, 227; Adaptability, 228; Willing to learn, 229; Ideas and initiative, 230; Capacity for detail, 231; Prospects, 233; On resigning position, 234
Opportunity,
Growth creates, 302; Universally desired, 302; in United States, 303; Created by corporations, 304; Variety and, 305; New wants, 305; Goddess of, 306; Laws, 306; Lysippus, 306; A relative term, 306; Ability, 308; Near at hand, 309; Carlyle, Thomas, 310; Secret of, 310; Will, 311; Eliot, Charles W., 312; Experience, 313; Chance, 314; Luck, 314; Baseball, 315; Age, 316; Preparedness, 318–20; Brains, 319–20

Organization, Building an,
Experience, 69–70; Labor, 70–2; Enthusiasm, 142
See Profit Problem
Organization, Business. *See* Business organization
Overproduction, General, impossible, 44; Profit and, 44–5; Human wants, 91

Palmistry, 284–5
Patent Medicines, Harmful, 185
Patience and Grit, 196–7
Pennsylvania Railroad Company, 208
Personal Appearance. *See* Appearance, personal
Personal Efficiency. *See* Efficiency, personal
Personality,
One's own, 107–8; Napoleon, 108; Intuitive judgments, 260–1; First impressions, 261–2; Man himself, 262–3; Meaning, 262–3; No two alike, 262; Two Dromios, 262; Physical bulk not most important, 263–4; Strong, 263–4; Disagreeable, 264–5; Stature, 267; Egotist, 265; Heep, Uriah, 265; Pompous man, 265; Ultra-suspicious, 265; Wheedler, 265; Value in business, 266–7; Development, 267–8; Discipline, 267–8; Intellectual power, 267–9; Cultivation of will, 269–71; Qualities to cultivate, 269; Resolute will, 269–70; Self-control, 271–3; Bennett, Arnold, 271–3; Human machine, 272–3; Self-confidence, 273–4; Conceit, 275; Courtesy, 275–6
Phantasy,
Aladdin's lamp, 138; "Gulliver's Travels," 139
Phenomena,
Business, 2–3; Combination of forces, 13; Tests, 23–4; Sociological, 83; Laws of, 153
See Cause, Subscriber, Thinking
Philosophy, Ethics and, 111–12; Classification of men, 203–5
Phrenology,
Pseudo or false science, 281; Hit or miss observations, 282; Truth, 284; Will location, 291–2
Physiocrats, 87–8
Physiognomy, 281–4, 292
Physiological Changes, Effect of. *See* Character, Character Analysis
"Pilgrim's Progress," 26–7
Plato, 203
Play,
Agent of health, 181–2; Effect on mind, 182; Methods, 182; Value, 182
Poets, Philosophers, etc., and the imagination, 141
Poise,
Definition, 167; Lack of, 167–8; Necessity for, 167–8
Political Economy, Laws of, 113–14
"Politician," the mere, 205–6
Pompous Man, 265
Poverty and Incompetence, 92–4
"Practical" Man, The, 29–30
Prejudice,
Bunyan, John, 26–7; "Reason of fools," 27; Voltaire, 27
Preparedness, Opportunity, 318–20
"Price Maintenance," 76–7
Prices,
Importance in business, 40–1, 61–2; Demand and supply, 72–3; Value of gold, 73
Procrastination, Energy and efficiency, 169
Produce Commission Men, Ethical standards of, 120–1
Production, 34. *See* Business, nature and aim of
Professional Schools, Training in, 2
Professions,
Explanation, 47–50; Rewards, 47; Success, 47–8; Advertising, 48–50; Distinguished from business, 48; Ethical codes, 48–9; Artists, 49–50; Publicity, 49–50; Study of business problems, 49; Business as a, 50–1
Profits,
Aim of business, 37–9; Essential elements in business, 39–40; overproduction, 44–5; Not only business aim, 53–4
Profit Problem, The, 61–81
Cost and price, 61–2; Human wants, 61–2; Capital a necessity, 62–3; Saving habit, 64–5; Competition, 65–7; Unfair competition, 67–9; Building an organization, 69–70; Experience necessary, 69–70; Labor troubles, 70–1; Price changes, 72–3; Advertising perils, 73–4; Bad debts, 74–5; Credit, 75; Laws often unwise, 75–6; Federal Anti-Trust Act, 76; Price maintenance, 76–7; American Bar Association, 77;

Profit Problem, The—continued
Climatic uncertainties, 77–8; Lawyer, 77; Fashions and fads, 78–9; Brains, 79; Will power, 79–80; Socialists, 80
Progress,
Social and industrial, 92; Product of evolution, 148
Protection, 85–6
Psychology,
Study of, 50; Laws of variety, 59; Aim, 99; Essential principles, 99–100; Human equation, 99; Medulla oblongata, 100–1; Nerve ganglia, 100; Nervous system, 100; Cerebrum and cerebellum, 101; Habits, 101–2; "Human machine," the, 101–3; Mental machine, 102–3; Motive appeal, response, 102; Instinct, 103–4; Reason, 104–5; Appeal, 106 et seq.; One's own personality, 107–8; Traits in common, 107; Appeal and action, 108–9; Napoleon, 108; Archimedes, 109–10; Attention, 109–10; Self interest, 109; Concentration 110; Greeley, Horace, 110; Relation of body and mind, 176–7; Must earn pleasure, 177–8
Publicity, *See* Advertising
Punctuality, 247
Purchasing Agents, National Association of, 123–4
"Pure Food" Law, 118
Purpose,
Necessity for, 159–60; Emerson, 160; Strength of, 160–1; Fitting for business, 162–3
Pussy-footing, not Tact, 301

Rank-and-File Workers, 235–59
Responsibility, 237; Importance of the work, 237; Compared to tools and machinery, 235–6; Experience, 238; Career, 239; Cardinal virtues, 240; Cheerfulness, 242; Courtesy, 244–5; Good manners, 245; Personal appearance, 246; Punctuality, 247; Rut, 248–9; Hidden perils before, 249; Things to avoid, 249–51; On getting a start, 252–4; Advantages of Alexander Hamilton Institute; Education and advancement, 255; Wages, 256–9
Reading by the Page,
Immanuel Kant, 8, 11; Learning how, 10
Reading with the Mind,
Learning Method, 6; "Gist" sentences, 7–8; Preparatory work, 7; Concentration, 10–11
Reason,
Appeal to, 103–4; Imagination, 134
Reasoning Process, 194
Rebates, Railroad, 119
Reformer, 85–6
Reliability, 293–4
Rents, High in New York City, 257
Response, 102
Responsibility,
Ethics of, 113; Delegation of, by Executive, 207–8; Executive, 209–11; Board of directors, 210; Taking, 211; Develops leadership, 219; Rank and file workers, 237
See Officers, junior and subordinate
Rockefeller, John D., 143
Ruskin, John, 178

Sage, Russell, 264
Salaries, High, 220
Salesmanship, 45–6
Saving, Habit difficult, 64; *See* Capital
Schopenhauer, 44, 144
Science,
Memory, 16–17, 135; Thinking, 14; Definition, 15–16; Emerson, 17; Tests, 23–4; Laws, 26; Economics, the business man's, 85; Aim, 134; Imagination, 134–6; Pseudo or false, 281
Self-confidence,
Knowledge, 273–4; Not conceit, 275
Self-control,
Value, 271–2; Development, 272–3
Self-interest, 109
Self-reliance, 196
Service,
Aim of the Alexander Hamilton Institute, 35–6; Explanation, 47; Rendered in business, 55–6
Wages depend on, 257–8; Sale of, 46
"Setting-up" Exercises, 179–80
Sherman Anti-Trust Act, 115
Smith, Adam, 88–9, 111
Social Institutions, 94–6
Socialism, not Sociology, 84
Socialists, On competition, 68–9, 80, 152
Sociology,
Aim, 82–3; Custom, 82; Definition, 83; Field, 83; Importance, 83–4; Phenomena, 83; Trade union, 84; Consumption of wealth, 91–3; Pov-

Sociology—continued
erty and incompetence, 92–4; Business men should know, 94–7; Church, 94–6; National efficiency, 94–5; Social institutions, 94–6; Socially unfit, 94; Vanderlip, F. A., 95–6; Inflexibility of custom, 96–7
See Economics
Sound or Sense Images, 132–3
Spalding Athletic Library, 179 n
Standard Oil Company, 197
Standards,
Business, enforced by law, 118–19; Merchandizing, 121–2
Stature,
Executives, 214; Famous men of small, 264; Personality, 264
Stephenson, George, 197
Stewart, A. T., 54, 122
Study,
Value, 30–1; Object, 153; Others' achievements worthy, 155
Sub-executives,
See Officers, junior or subordinate
Subordinates, 205; Selection, 215
See Officers, junior or subordinate
Subscribers.
Duty of, 4–5; Business problems, 5; Curiosity, 5; Memory, 6–8; How to read, 6 et seq.; On being interested, 11–12; Clear thinking, 12–13; Business phenomena, 26; Prejudice, 26–8; Study, 30–1; And life, 35–6; Sociology, 84; Self-advancement, 205
See Reading
Success,
In business, 45; In professions, 47–8; Elements, 53; Qualities, 189; Essential to judge character, 278
"Suggestion," Tact and, 300
"Survival of the Fittest," 66. *See* Competition

Tact,
Usefulness, 298; Lord Kames, 299; Dress, 299; "Unanimous man," 299; Not pussy-footing, 301; What it is, 301
Telephone, Product of imagination, 146
Temperament,
Definition, 156; Kinds, 157–8; Character analysis, 293–4
Texts, Modern Business, Aim, 37
Theorist, the Mere, 28–30
Theory,
Definition, 24–6; Darwin, 24; Leverrier, 25–6; Malthus, 24; Newton, 24–6; Prejudice against, 28–9
Thinking,
Definition, 12; Scientific, 14–15; Three steps, 26; Seeking for causes, 14; Imagination, 134–5; Aim of education, 158; Head and heels, 163; Decision, 190–1
Trade, 46
Trade Associations, 122–3
Trade Union, 84
Trades Without Standards, 120–1
Trading, Criticism of business and, 56
Training, Scientific, 51–2; Allowances for bad, 290
Traits, Common to all, 107
Transcontinental Railroads, 197
Transportation, A future profession, 52–3

Utilitarian School, 111–12
Ultra-suspicious Man, 265
Understanding,
Education, 34–5; Vanderlip, F. A., 34–5
United Cigar Stores, 231
United States,
Business in, 303–4; Opportunities, 304; War, World, 3–4
United States Steel Corporation, 197
University Schools of Commerce. *See* Commerce, university schools of
Uranus, 25
Usury Laws, 119–20

Van Antwerp, William C., 127
Vandamme, General, 108
Vanderlip, F. A., 34, 95–6
Variety, and Opportunity, 305
Vision, or the Idea,
Imagination, 130–1; Kinds, 131–2; Colonel Sellers, 133; Twain, Mark, 133; Memory, 133–4; Visionary, 133
See Imagination
Visionary, The, 133
Visualization. *See* Imagination, Vision or the Idea
Voltaire, on Prejudice, 27

Wages,
Ethics, 113; Law governing, 221; Value of services, 257–8
Wallace, 134–5

Wall Street,
Erroneous idea of, 124–5; Ethics, 124–5
Wanamaker, John, 122
Wanamaker Stores, 197
Wants,
Human, business and, 41–2; Armour, P. D., 42; Industrial progress, 42–3; New, 42–3; Emerson, R. W., 43 n; Potential, 43; Profit problem, 61; three characteristics of, 90–1; Webster, Daniel, 92; Opportunity, 305
War, World, 3–4
Warman, E. B., 179 n
Water Drinking, 188
Wealth, Consumption of, 91–3
"Wealth of Nations," 88–9
Webster, Daniel, 92
Westinghouse Company, 117
Wheedler, 265
White Races, 286
Will,
Profit problem, 79–80; Imagination, 142–3; Weak, 160–1; Bad habits, 165–6; Strengthening, 166; Weakened by alcohol, 186; Develops personality, 267–8; Resolute, 269–70; Cultivation, 270–1; Weak chin, 270; "My Will," 271; Expression of self, 291–2; "Getting there," 292–3; Physiognomy, 292; Opportunity, 311
Woolworth, 122, 231
Work,
Love of, 295–6; Pleasure, 58–9
Wright Brothers, 197

THE·PLIMPTON·PRESS
NORWOOD·MASS·U·S·A

University of California Library
Los Angeles
This book is DUE on the last date stamped below.

Phone Renewals
310/825-9188

4 WK SEP 15 1999

UC SOUTHERN REGIONAL LIBRARY FACILITY
AA 001 020 788 4